

This document has been provided by the Legal Division of the Legislative Service Bureau in a read-only electronic format that may not be altered but may be printed or forwarded electronically. Any modification of this document must be processed by the Legal Division to be valid for legislative use.

**HOUSE SUBSTITUTE FOR
SENATE BILL NO. 1107**

A bill to amend 1979 PA 94, entitled
"The state school aid act of 1979,"
by amending sections 3, 4, 6, 11, 11a, 11g, 11j, 11k, 11m, 15, 18,
18b, 19, 20, 20d, 20j, 22a, 22b, 22d, 24, 24a, 24c, 25b, 25c, 26a,
26b, 29, 31a, 31d, 31f, 32b, 32c, 32d, 32j, 32l, 37, 38, 39, 39a,
41, 51a, 51c, 51d, 53a, 54, 54a, 54c, 56, 57, 61a, 62, 64, 65, 74,
81, 94a, 98, 99, 99e, 99i, 99j, 99k, 99p, 104, 104b, 105, 105c,
107, 147, 151, 164c, and 166e (MCL 388.1603, 388.1604, 388.1606,
388.1611, 388.1611a, 388.1611g, 388.1611j, 388.1611k, 388.1611m,
388.1615, 388.1618, 388.1618b, 388.1619, 388.1620, 388.1620d,
388.1620j, 388.1622a, 388.1622b, 388.1622d, 388.1624, 388.1624a,
388.1624c, 388.1625b, 388.1625c, 388.1626a, 388.1626b, 388.1629,
388.1631a, 388.1631d, 388.1631f, 388.1632b, 388.1632c, 388.1632d,



388.1632j, 388.1632l, 388.1637, 388.1638, 388.1639, 388.1639a, 388.1641, 388.1651a, 388.1651c, 388.1651d, 388.1653a, 388.1654, 388.1654a, 388.1654c, 388.1656, 388.1657, 388.1661a, 388.1662, 388.1664, 388.1665, 388.1674, 388.1681, 388.1694a, 388.1698, 388.1699, 388.1699e, 388.1699i, 388.1699j, 388.1699k, 388.1699p, 388.1704, 388.1704b, 388.1705, 388.1705c, 388.1707, 388.1747, 388.1751, 388.1764c, and 388.1766e), sections 3, 6, 11a, 11g, 11k, 11m, 15, 18, 19, 20, 20j, 24, 24a, 24c, 26a, 26b, 29, 31a, 31d, 31f, 32b, 32c, 32d, 32j, 32l, 37, 39, 39a, 41, 51d, 53a, 54, 54a, 57, 61a, 64, 65, 74, 81, 94a, 98, 99, 99e, 107, and 151 as amended and sections 99i, 99j, and 99k as added by 2007 PA 137, sections 4 and 164c as amended by 2005 PA 155, sections 11, 11j, 22a, 22b, 22d, 51a, 51c, 56, 62, and 104 as amended and sections 54c and 99p as added by 2008 PA 112, section 18b as added by 2000 PA 297, section 20d as amended and section 166e as added by 1997 PA 93, section 25b as amended and section 25c as added by 2001 PA 121, section 38 as amended by 2003 PA 158, section 104b as added by 2004 PA 593, sections 105 and 105c as amended by 2006 PA 342, and section 147 as amended by 2007 PA 92, and by adding sections 11n, 22e, and 99a; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 3. (1) "Average daily attendance", for the purposes of
2 complying with federal law, means 92% of the pupils counted in
3 membership on the pupil membership count day, as defined in section
4 6(7).

5 (2) "Board" means the governing body of a district or public
6 school academy.



1 (3) "Center" means the center for educational performance and
2 information created in section 94a.

3 (4) "Cooperative education program" means a written voluntary
4 agreement between and among districts to provide certain
5 educational programs for pupils in certain groups of districts. The
6 written agreement shall be approved by all affected districts at
7 least annually and shall specify the educational programs to be
8 provided and the estimated number of pupils from each district who
9 will participate in the educational programs.

10 (5) "Department", except in section 107, means the department
11 of education.

12 (6) "District" means a local school district established under
13 the revised school code ~~, a local act school district,~~ or, except
14 in sections 6(4), 6(6), **11N**, 13, 20, 22a, 23, 29, 31a, 99j, 99k,
15 **51A(15)**, 105, and 105c, a public school academy. Except in sections
16 6(4), 6(6), **11N**, 13, 20, 22a, 29, 99j, 99k, **51A(15)**, 105, and 105c,
17 district also includes a university school.

18 (7) "District of residence", except as otherwise provided in
19 this subsection, means the district in which a pupil's custodial
20 parent or parents or legal guardian resides. For a pupil described
21 in section 24b, the pupil's district of residence is the district
22 in which the pupil enrolls under that section. For a pupil
23 described in section 6(4)(d), the pupil's district of residence
24 shall be considered to be the district or intermediate district in
25 which the pupil is counted in membership under that section. For a
26 pupil under court jurisdiction who is placed outside the district
27 in which the pupil's custodial parent or parents or legal guardian



1 resides, the pupil's district of residence shall be considered to
2 be the educating district or educating intermediate district.

3 (8) "District superintendent" means the superintendent of a
4 district, the chief administrator of a public school academy, or
5 the chief administrator of a university school.

6 Sec. 4. (1) "Elementary pupil" means a pupil in membership in
7 grades K to 8 in a district not maintaining classes above the
8 eighth grade or in grades K to 6 in a district maintaining classes
9 above the eighth grade. **FOR THE PURPOSES OF CALCULATING UNIVERSAL
10 SERVICE FUND (E-RATE) DISCOUNTS, "ELEMENTARY PUPIL" INCLUDES
11 CHILDREN ENROLLED IN A PRESCHOOL PROGRAM OPERATED BY A DISTRICT IN
12 ITS FACILITIES.**

13 (2) "Extended school year" means an educational program
14 conducted by a district in which pupils must be enrolled but not
15 necessarily in attendance on the pupil membership count day in an
16 extended year program. The mandatory clock hours shall be completed
17 by each pupil not more than 365 calendar days after the pupil's
18 first day of classes for the school year prescribed. The department
19 shall prescribe pupil, personnel, and other reporting requirements
20 for the educational program.

21 (3) "Fiscal year" means the state fiscal year that commences
22 October 1 and continues through September 30.

23 (4) "General educational development testing preparation
24 program" means a program that has high school level courses in
25 English language arts, social studies, science, and mathematics and
26 that prepares a person to successfully complete the general
27 educational development (GED) test.



1 (5) "High school pupil" means a pupil in membership in grades
2 7 to 12, except in a district not maintaining grades above the
3 eighth grade.

4 Sec. 6. (1) "Center program" means a program operated by a
5 district or intermediate district for special education pupils from
6 several districts in programs for pupils with autism spectrum
7 disorder, pupils with severe cognitive impairment, pupils with
8 moderate cognitive impairment, pupils with severe multiple
9 impairments, pupils with hearing impairment, pupils with visual
10 impairment, and pupils with physical impairment or other health
11 impairment. Programs for pupils with emotional impairment housed in
12 buildings that do not serve regular education pupils also qualify.
13 Unless otherwise approved by the department, a center program
14 either shall serve all constituent districts within an intermediate
15 district or shall serve several districts with less than 50% of the
16 pupils residing in the operating district. In addition, special
17 education center program pupils placed part-time in noncenter
18 programs to comply with the least restrictive environment
19 provisions of section 612 of part B of the individuals with
20 disabilities education act, 20 USC 1412, may be considered center
21 program pupils for pupil accounting purposes for the time scheduled
22 in either a center program or a noncenter program.

23 (2) "District and high school graduation rate" means the
24 annual completion and pupil dropout rate that is calculated by the
25 center pursuant to nationally recognized standards.

26 (3) "District and high school graduation report" means a
27 report of the number of pupils, excluding adult participants, in

1 the district for the immediately preceding school year, adjusted
2 for those pupils who have transferred into or out of the district
3 or high school, who leave high school with a diploma or other
4 credential of equal status.

5 (4) "Membership", except as otherwise provided in this act,
6 means for a district, public school academy, university school, or
7 intermediate district the sum of the product of .75 times the
8 number of full-time equated pupils in grades K to 12 actually
9 enrolled and in regular daily attendance on the pupil membership
10 count day for the current school year, plus the product of .25
11 times the final audited count from the supplemental count day for
12 the immediately preceding school year. All pupil counts used in
13 this subsection are as determined by the department and calculated
14 by adding the number of pupils registered for attendance plus
15 pupils received by transfer and minus pupils lost as defined by
16 rules promulgated by the superintendent, and as corrected by a
17 subsequent department audit. The amount of the foundation allowance
18 for a pupil in membership is determined under section 20. In making
19 the calculation of membership, all of the following, as applicable,
20 apply to determining the membership of a district, public school
21 academy, university school, or intermediate district:

22 (a) Except as otherwise provided in this subsection, and
23 pursuant to subsection (6), a pupil shall be counted in membership
24 in the pupil's educating district or districts. An individual pupil
25 shall not be counted for more than a total of 1.0 full-time equated
26 membership.

27 (b) If a pupil is educated in a district other than the



1 pupil's district of residence, if the pupil is not being educated
2 as part of a cooperative education program, if the pupil's district
3 of residence does not give the educating district its approval to
4 count the pupil in membership in the educating district, and if the
5 pupil is not covered by an exception specified in subsection (6) to
6 the requirement that the educating district must have the approval
7 of the pupil's district of residence to count the pupil in
8 membership, the pupil shall not be counted in membership in any
9 district.

10 (c) A special education pupil educated by the intermediate
11 district shall be counted in membership in the intermediate
12 district.

13 (d) A pupil placed by a court or state agency in an on-grounds
14 program of a juvenile detention facility, a child caring
15 institution, or a mental health institution, or a pupil funded
16 under section 53a, shall be counted in membership in the district
17 or intermediate district approved by the department to operate the
18 program.

19 (e) A pupil enrolled in the Michigan schools for the deaf and
20 blind shall be counted in membership in the pupil's intermediate
21 district of residence.

22 (f) A pupil enrolled in a vocational education program
23 supported by a millage levied over an area larger than a single
24 district or in an area vocational-technical education program
25 established pursuant to section 690 of the revised school code, MCL
26 380.690, shall be counted only in the pupil's district of
27 residence.



1 (g) A pupil enrolled in a university school shall be counted
2 in membership in the university school.

3 (h) A pupil enrolled in a public school academy shall be
4 counted in membership in the public school academy.

5 (i) For a new district, university school, or public school
6 academy beginning its operation after December 31, 1994, membership
7 for the first 2 full or partial fiscal years of operation shall be
8 determined as follows:

9 (i) If operations begin before the pupil membership count day
10 for the fiscal year, membership is the average number of full-time
11 equated pupils in grades K to 12 actually enrolled and in regular
12 daily attendance on the pupil membership count day for the current
13 school year and on the supplemental count day for the current
14 school year, as determined by the department and calculated by
15 adding the number of pupils registered for attendance on the pupil
16 membership count day plus pupils received by transfer and minus
17 pupils lost as defined by rules promulgated by the superintendent,
18 and as corrected by a subsequent department audit, plus the final
19 audited count from the supplemental count day for the current
20 school year, and dividing that sum by 2.

21 (ii) If operations begin after the pupil membership count day
22 for the fiscal year and not later than the supplemental count day
23 for the fiscal year, membership is the final audited count of the
24 number of full-time equated pupils in grades K to 12 actually
25 enrolled and in regular daily attendance on the supplemental count
26 day for the current school year.

27 (j) If a district is the authorizing body for a public school

1 academy, then, in the first school year in which pupils are counted
2 in membership on the pupil membership count day in the public
3 school academy, the determination of the district's membership
4 shall exclude from the district's pupil count for the immediately
5 preceding supplemental count day any pupils who are counted in the
6 public school academy on that first pupil membership count day who
7 were also counted in the district on the immediately preceding
8 supplemental count day.

9 (k) In a district, public school academy, university school,
10 or intermediate district operating an extended school year program
11 approved by the superintendent, a pupil enrolled, but not scheduled
12 to be in regular daily attendance on a pupil membership count day,
13 shall be counted.

14 (l) Pupils to be counted in membership shall be not less than 5
15 years of age on December 1 and less than 20 years of age on
16 September 1 of the school year except a special education pupil who
17 is enrolled and receiving instruction in a special education
18 program or service approved by the department and not having a high
19 school diploma who is less than 26 years of age as of September 1
20 of the current school year shall be counted in membership.

21 (m) An individual who has obtained a high school diploma shall
22 not be counted in membership. An individual who has obtained a
23 general educational development (G.E.D.) certificate shall not be
24 counted in membership. An individual participating in a job
25 training program funded under former section 107a or a jobs program
26 funded under former section 107b, administered by the Michigan
27 strategic fund or the department of labor and economic growth, or

1 participating in any successor of either of those 2 programs, shall
2 not be counted in membership.

3 (n) If a pupil counted in membership in a public school
4 academy is also educated by a district or intermediate district as
5 part of a cooperative education program, the pupil shall be counted
6 in membership only in the public school academy unless a written
7 agreement signed by all parties designates the party or parties in
8 which the pupil shall be counted in membership, and the
9 instructional time scheduled for the pupil in the district or
10 intermediate district shall be included in the full-time equated
11 membership determination under subdivision (q). However, for pupils
12 receiving instruction in both a public school academy and in a
13 district or intermediate district but not as a part of a
14 cooperative education program, the following apply:

15 (i) If the public school academy provides instruction for at
16 least 1/2 of the class hours specified in subdivision (q), the
17 public school academy shall receive as its prorated share of the
18 full-time equated membership for each of those pupils an amount
19 equal to 1 times the product of the hours of instruction the public
20 school academy provides divided by the number of hours specified in
21 subdivision (q) for full-time equivalency, and the remainder of the
22 full-time membership for each of those pupils shall be allocated to
23 the district or intermediate district providing the remainder of
24 the hours of instruction.

25 (ii) If the public school academy provides instruction for less
26 than 1/2 of the class hours specified in subdivision (q), the
27 district or intermediate district providing the remainder of the

1 hours of instruction shall receive as its prorated share of the
2 full-time equated membership for each of those pupils an amount
3 equal to 1 times the product of the hours of instruction the
4 district or intermediate district provides divided by the number of
5 hours specified in subdivision (q) for full-time equivalency, and
6 the remainder of the full-time membership for each of those pupils
7 shall be allocated to the public school academy.

8 (o) An individual less than 16 years of age as of September 1
9 of the current school year who is being educated in an alternative
10 education program shall not be counted in membership if there are
11 also adult education participants being educated in the same
12 program or classroom.

13 (p) The department shall give a uniform interpretation of
14 full-time and part-time memberships.

15 (q) The number of class hours used to calculate full-time
16 equated memberships shall be consistent with section 101(3). In
17 determining full-time equated memberships for pupils who are
18 enrolled in a postsecondary institution, a pupil shall not be
19 considered to be less than a full-time equated pupil solely because
20 of the effect of his or her postsecondary enrollment, including
21 necessary travel time, on the number of class hours provided by the
22 district to the pupil.

23 (r) ~~Full-time~~ **EXCEPT AS OTHERWISE PROVIDED IN THIS**
24 **SUBDIVISION, FULL-TIME** equated memberships for pupils in
25 kindergarten shall be determined by dividing the number of class
26 hours scheduled and provided per year per kindergarten pupil by a
27 number equal to 1/2 the number used for determining full-time

equated memberships for pupils in grades 1 to 12. BEGINNING IN 2009-2010, FULL-TIME EQUATED MEMBERSHIPS FOR PUPILS ENROLLED IN DEVELOPMENTAL KINDERGARTEN, PREKINDERGARTEN, OR A SIMILAR CLASS INTENDED TO BE THE FIRST OF 2 SCHOOL YEARS BEFORE A PUPIL ENTERS GRADE 1 SHALL BE DETERMINED BY DIVIDING THE NUMBER OF CLASS HOURS SCHEDULED AND PROVIDED PER YEAR PER KINDERGARTEN PUPIL BY THE NUMBER USED FOR DETERMINING FULL-TIME EQUATED MEMBERSHIPS FOR PUPILS IN GRADES 1 TO 12. FOR 2010-2011, FULL-TIME EQUATED MEMBERSHIPS FOR PUPILS ENROLLED IN KINDERGARTEN SHALL BE DETERMINED BY DIVIDING THE NUMBER OF CLASS HOURS SCHEDULED AND PROVIDED PER YEAR PER KINDERGARTEN PUPIL BY A NUMBER EQUAL TO 60% OF THE NUMBER USED FOR DETERMINING FULL-TIME EQUATED MEMBERSHIPS FOR PUPILS IN GRADES 1 TO 12. BEGINNING IN 2011-2012, FULL-TIME EQUATED MEMBERSHIPS FOR PUPILS ENROLLED IN KINDERGARTEN SHALL BE DETERMINED BY DIVIDING THE NUMBER OF CLASS HOURS SCHEDULED AND PROVIDED PER YEAR PER KINDERGARTEN PUPIL BY A NUMBER EQUAL TO 70% OF THE NUMBER USED FOR DETERMINING FULL-TIME EQUATED MEMBERSHIPS FOR PUPILS IN GRADES 1 TO 12.

(s) For a district, university school, or public school academy that has pupils enrolled in a grade level that was not offered by the district, university school, or public school academy in the immediately preceding school year, the number of pupils enrolled in that grade level to be counted in membership is the average of the number of those pupils enrolled and in regular daily attendance on the pupil membership count day and the supplemental count day of the current school year, as determined by the department. Membership shall be calculated by adding the number



1 of pupils registered for attendance in that grade level on the
2 pupil membership count day plus pupils received by transfer and
3 minus pupils lost as defined by rules promulgated by the
4 superintendent, and as corrected by subsequent department audit,
5 plus the final audited count from the supplemental count day for
6 the current school year, and dividing that sum by 2.

7 (t) A pupil enrolled in a cooperative education program may be
8 counted in membership in the pupil's district of residence with the
9 written approval of all parties to the cooperative agreement.

10 (u) If, as a result of a disciplinary action, a district
11 determines through the district's alternative or disciplinary
12 education program that the best instructional placement for a pupil
13 is in the pupil's home or otherwise apart from the general school
14 population, if that placement is authorized in writing by the
15 district superintendent and district alternative or disciplinary
16 education supervisor, and if the district provides appropriate
17 instruction as described in this subdivision to the pupil at the
18 pupil's home or otherwise apart from the general school population,
19 the district may count the pupil in membership on a pro rata basis,
20 with the proration based on the number of hours of instruction the
21 district actually provides to the pupil divided by the number of
22 hours specified in subdivision (q) for full-time equivalency. For
23 the purposes of this subdivision, a district shall be considered to
24 be providing appropriate instruction if all of the following are
25 met:

26 (i) The district provides at least 2 nonconsecutive hours of
27 instruction per week to the pupil at the pupil's home or otherwise

1 apart from the general school population under the supervision of a
2 certificated teacher.

3 (ii) The district provides instructional materials, resources,
4 and supplies, except computers, that are comparable to those
5 otherwise provided in the district's alternative education program.

6 (iii) Course content is comparable to that in the district's
7 alternative education program.

8 (iv) Credit earned is awarded to the pupil and placed on the
9 pupil's transcript.

10 (v) ~~A~~**FOR 2007-2008 ONLY, A** pupil enrolled in an alternative
11 or disciplinary education program described in section 25 shall be
12 counted in membership in the district or public school academy that
13 expelled the pupil.

14 (w) If a pupil was enrolled in a public school academy on the
15 pupil membership count day, if the public school academy's contract
16 with its authorizing body is revoked or the public school academy
17 otherwise ceases to operate, and if the pupil enrolls in a district
18 within 45 days after the pupil membership count day, the department
19 shall adjust the district's pupil count for the pupil membership
20 count day to include the pupil in the count.

21 (x) For a public school academy that has been in operation for
22 at least 2 years and that suspended operations for at least 1
23 semester and is resuming operations, membership is the sum of the
24 product of .75 times the number of full-time equated pupils in
25 grades K to 12 actually enrolled and in regular daily attendance on
26 the first pupil membership count day or supplemental count day,
27 whichever is first, occurring after operations resume, plus the

1 product of .25 times the final audited count from the most recent
2 pupil membership count day or supplemental count day that occurred
3 before suspending operations, as determined by the superintendent.

4 (y) If a district's membership for a particular fiscal year,
5 as otherwise calculated under this subsection, would be less than
6 1,550 pupils and the district has 4.5 or fewer pupils per square
7 mile, as determined by the department, and, **BEGINNING IN 2007-2008,**
8 if the district does not receive funding under section ~~22d~~-**22D(2)**,
9 the district's membership shall be considered to be the membership
10 figure calculated under this subdivision. If a district educates
11 and counts in its membership pupils in grades 9 to 12 who reside in
12 a contiguous district that does not operate grades 9 to 12 and if 1
13 or both of the affected districts request the department to use the
14 determination allowed under this sentence, the department shall
15 include the square mileage of both districts in determining the
16 number of pupils per square mile for each of the districts for the
17 purposes of this subdivision. The membership figure calculated
18 under this subdivision is the greater of the following:

19 (i) The average of the district's membership for the 3-fiscal-
20 year period ending with that fiscal year, calculated by adding the
21 district's actual membership for each of those 3 fiscal years, as
22 otherwise calculated under this subsection, and dividing the sum of
23 those 3 membership figures by 3.

24 (ii) The district's actual membership for that fiscal year as
25 otherwise calculated under this subsection.

26 (z) If a public school academy that is not in its first or
27 second year of operation closes at the end of a school year and

1 does not reopen for the next school year, the department shall
2 adjust the membership count of the district in which a former pupil
3 of the public school academy enrolls and is in regular daily
4 attendance for the next school year to ensure that the district
5 receives the same amount of membership aid for the pupil as if the
6 pupil were counted in the district on the supplemental count day of
7 the preceding school year.

8 (aa) Full-time equated memberships for preprimary-aged special
9 education pupils who are not enrolled in kindergarten but are
10 enrolled in a classroom program under R 340.1754 of the Michigan
11 administrative code shall be determined by dividing the number of
12 class hours scheduled and provided per year by 450. Full-time
13 equated memberships for preprimary-aged special education pupils
14 who are not enrolled in kindergarten but are receiving nonclassroom
15 services under R 340.1755 of the Michigan administrative code shall
16 be determined by dividing the number of hours of service scheduled
17 and provided per year per pupil by 180.

18 (bb) A pupil of a district that begins its school year after
19 Labor day who is enrolled in an intermediate district program that
20 begins before Labor day shall not be considered to be less than a
21 full-time pupil solely due to instructional time scheduled but not
22 attended by the pupil before Labor day.

23 (CC) FOR THE FIRST YEAR IN WHICH A PUPIL IS COUNTED IN
24 MEMBERSHIP ON THE PUPIL MEMBERSHIP COUNT DAY IN A MIDDLE COLLEGE
25 PROGRAM DESCRIBED IN SECTION 64, THE MEMBERSHIP IS THE AVERAGE OF
26 THE FULL-TIME EQUATED MEMBERSHIP ON THE PUPIL MEMBERSHIP COUNT DAY
27 AND ON THE SUPPLEMENTAL COUNT DAY FOR THE CURRENT SCHOOL YEAR, AS



1 DETERMINED BY THE DEPARTMENT. IF A PUPIL WAS COUNTED BY THE
2 OPERATING DISTRICT ON THE IMMEDIATELY PRECEDING SUPPLEMENTAL COUNT
3 DAY, THE PUPIL SHALL BE EXCLUDED FROM THE DISTRICT'S IMMEDIATELY
4 PRECEDING SUPPLEMENTAL COUNT FOR PURPOSES OF DETERMINING THE
5 DISTRICT'S MEMBERSHIP.

6 (5) "Public school academy" means a public school academy,
7 urban high school academy, or strict discipline academy operating
8 under the revised school code.

9 (6) "Pupil" means a person in membership in a public school. A
10 district must have the approval of the pupil's district of
11 residence to count the pupil in membership, except approval by the
12 pupil's district of residence is not required for any of the
13 following:

14 (a) A nonpublic part-time pupil enrolled in grades 1 to 12 in
15 accordance with section 166b.

16 (b) A pupil receiving 1/2 or less of his or her instruction in
17 a district other than the pupil's district of residence.

18 (c) A pupil enrolled in a public school academy or university
19 school.

20 (d) A pupil enrolled in a district other than the pupil's
21 district of residence under an intermediate district schools of
22 choice pilot program as described in section 91a or former section
23 91 if the intermediate district and its constituent districts have
24 been exempted from section 105.

25 (e) A pupil enrolled in a district other than the pupil's
26 district of residence if the pupil is enrolled in accordance with
27 section 105 or 105c.



(f) A pupil who has made an official written complaint or whose parent or legal guardian has made an official written complaint to law enforcement officials and to school officials of the pupil's district of residence that the pupil has been the victim of a criminal sexual assault or other serious assault, if the official complaint either indicates that the assault occurred at school or that the assault was committed by 1 or more other pupils enrolled in the school the pupil would otherwise attend in the district of residence or by an employee of the district of residence. A person who intentionally makes a false report of a crime to law enforcement officials for the purposes of this subdivision is subject to section 411a of the Michigan penal code, 1931 PA 328, MCL 750.411a, which provides criminal penalties for that conduct. As used in this subdivision:

(i) "At school" means in a classroom, elsewhere on school premises, on a school bus or other school-related vehicle, or at a school-sponsored activity or event whether or not it is held on school premises.

(ii) "Serious assault" means an act that constitutes a felony violation of chapter XI of the Michigan penal code, 1931 PA 328, MCL 750.81 to 750.90g, or that constitutes an assault and infliction of serious or aggravated injury under section 81a of the Michigan penal code, 1931 PA 328, MCL 750.81a.

(g) A pupil whose district of residence changed after the pupil membership count day and before the supplemental count day and who continues to be enrolled on the supplemental count day as a nonresident in the district in which he or she was enrolled as a



1 resident on the pupil membership count day of the same school year.

2 (h) A pupil enrolled in an alternative education program
3 operated by a district other than his or her district of residence
4 who meets 1 or more of the following:

5 (i) The pupil has been suspended or expelled from his or her
6 district of residence for any reason, including, but not limited
7 to, a suspension or expulsion under section 1310, 1311, or 1311a of
8 the revised school code, MCL 380.1310, 380.1311, and 380.1311a.

9 (ii) The pupil had previously dropped out of school.

10 (iii) The pupil is pregnant or is a parent.

11 (iv) The pupil has been referred to the program by a court.

12 (v) **THE PUPIL IS ENROLLED IN AN ALTERNATIVE OR DISCIPLINARY**
13 **EDUCATION PROGRAM DESCRIBED IN SECTION 25.**

14 (i) A pupil enrolled in the Michigan virtual high school, for
15 the pupil's enrollment in the Michigan virtual high school.

16 (j) A pupil who is the child of a person who is employed by
17 the district. As used in this subdivision, "child" includes an
18 adopted child, stepchild, or legal ward.

19 (k) An expelled pupil who has been denied reinstatement by the
20 expelling district and is reinstated by another school board under
21 section 1311 or 1311a of the revised school code, MCL 380.1311 and
22 380.1311a.

23 (l) A pupil enrolled in a district other than the pupil's
24 district of residence in a program described in section 64 if the
25 pupil's district of residence and the enrolling district are both
26 constituent districts of the same intermediate district.

27 **(M) A PUPIL ENROLLED IN A DISTRICT OTHER THAN THE PUPIL'S**



1 **DISTRICT OF RESIDENCE WHO ATTENDS A UNITED STATES OLYMPIC EDUCATION**
2 **CENTER.**

3 However, if a district that is not a first class district
4 educates pupils who reside in a first class district and if the
5 primary instructional site for those pupils is located within the
6 boundaries of the first class district, the educating district must
7 have the approval of the first class district to count those pupils
8 in membership. As used in this subsection, "first class district"
9 means a district organized as a school district of the first class
10 under the revised school code.

11 (7) "Pupil membership count day" of a district or intermediate
12 district means:

13 (a) Except as provided in subdivision (b), the fourth
14 Wednesday after Labor day each school year or, for a district or
15 building in which school is not in session on that Wednesday due to
16 conditions not within the control of school authorities, with the
17 approval of the superintendent, the immediately following day on
18 which school is in session in the district or building.

19 (b) For a district or intermediate district maintaining school
20 during the entire school year, the following days:

- 21 (i) Fourth Wednesday in July.
22 (ii) Fourth Wednesday after Labor day.
23 (iii) Second Wednesday in February.
24 (iv) Fourth Wednesday in April.

25 (8) "Pupils in grades K to 12 actually enrolled and in regular
26 daily attendance" means pupils in grades K to 12 in attendance and
27 receiving instruction in all classes for which they are enrolled on



1 the pupil membership count day or the supplemental count day, as
2 applicable. Except as otherwise provided in this subsection, a
3 pupil who is absent from any of the classes in which the pupil is
4 enrolled on the pupil membership count day or supplemental count
5 day and who does not attend each of those classes during the 10
6 consecutive school days immediately following the pupil membership
7 count day or supplemental count day, except for a pupil who has
8 been excused by the district, shall not be counted as 1.0 full-time
9 equated membership. A pupil who is excused from attendance on the
10 pupil membership count day or supplemental count day and who fails
11 to attend each of the classes in which the pupil is enrolled within
12 30 calendar days after the pupil membership count day or
13 supplemental count day shall not be counted as 1.0 full-time
14 equated membership. In addition, a pupil who was enrolled and in
15 attendance in a district, intermediate district, or public school
16 academy before the pupil membership count day or supplemental count
17 day of a particular year but was expelled or suspended on the pupil
18 membership count day or supplemental count day shall only be
19 counted as 1.0 full-time equated membership if the pupil resumed
20 attendance in the district, intermediate district, or public school
21 academy within 45 days after the pupil membership count day or
22 supplemental count day of that particular year. Pupils not counted
23 as 1.0 full-time equated membership due to an absence from a class
24 shall be counted as a prorated membership for the classes the pupil
25 attended. For purposes of this subsection, "class" means a period
26 of time in 1 day when pupils and a certificated teacher or legally
27 qualified substitute teacher are together and instruction is taking



1 place.

2 (9) "Rule" means a rule promulgated pursuant to the
3 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to
4 24.328.

5 (10) "The revised school code" means 1976 PA 451, MCL 380.1 to
6 380.1852.

7 (11) **"SCHOOL DISTRICT OF THE FIRST CLASS", "FIRST CLASS SCHOOL**
8 **DISTRICT", AND "DISTRICT OF THE FIRST CLASS", EXCEPT IN SUBSECTION**
9 **(6), MEAN A DISTRICT THAT HAD AT LEAST 60,000 PUPILS IN MEMBERSHIP**
10 **FOR THE IMMEDIATELY PRECEDING FISCAL YEAR.**

11 (12) ~~(11)~~ "School fiscal year" means a fiscal year that
12 commences July 1 and continues through June 30.

13 (13) ~~(12)~~ "State board" means the state board of education.

14 (14) ~~(13)~~ "Superintendent", unless the context clearly refers
15 to a district or intermediate district superintendent, means the
16 superintendent of public instruction described in section 3 of
17 article VIII of the state constitution of 1963.

18 (15) ~~(14)~~ "Supplemental count day" means the day on which the
19 supplemental pupil count is conducted under section 6a.

20 (16) ~~(15)~~ "Tuition pupil" means a pupil of school age
21 attending school in a district other than the pupil's district of
22 residence for whom tuition may be charged. Tuition pupil does not
23 include a pupil who is a special education pupil or a pupil
24 described in subsection ~~(6)(d) to (k)~~ **(6)(C) TO (M)**. A pupil's
25 district of residence shall not require a high school tuition
26 pupil, as provided under section 111, to attend another school
27 district after the pupil has been assigned to a school district.



1 (17) ~~(16)~~ "State school aid fund" means the state school aid
2 fund established in section 11 of article IX of the state
3 constitution of 1963.

4 (18) ~~(17)~~ "Taxable value" means the taxable value of property
5 as determined under section 27a of the general property tax act,
6 1893 PA 206, MCL 211.27a.

7 (19) ~~(18)~~ "Textbook" means a book that is selected and
8 approved by the governing board of a district and that contains a
9 presentation of principles of a subject, or that is a literary work
10 relevant to the study of a subject required for the use of
11 classroom pupils, or another type of course material that forms the
12 basis of classroom instruction.

13 (20) ~~(19)~~ "Total state aid" or "total state school aid" means
14 the total combined amount of all funds due to a district,
15 intermediate district, or other entity under all of the provisions
16 of this act.

17 (21) ~~(20)~~ "University school" means an instructional program
18 operated by a public university under section 23 that meets the
19 requirements of section 23.

20 Sec. 11. (1) For the fiscal year ending September 30, 2008,
21 there is appropriated for the public schools of this state and
22 certain other state purposes relating to education the sum of
23 \$11,386,866,600.00 from the state school aid fund established by
24 section 11 of article IX of the state constitution of 1963 and the
25 sum of \$34,909,600.00 from the general fund. **FOR THE FISCAL YEAR**
26 **ENDING SEPTEMBER 30, 2009, THERE IS APPROPRIATED FOR THE PUBLIC**
27 **SCHOOLS OF THIS STATE AND CERTAIN OTHER STATE PURPOSES RELATING TO**



1 EDUCATION THE SUM OF \$11,776,098,200.00 FROM THE STATE SCHOOL AID
2 FUND ESTABLISHED BY SECTION 11 OF ARTICLE IX OF THE STATE
3 CONSTITUTION OF 1963 AND THE SUM OF \$40,800,000.00 FROM THE GENERAL
4 FUND. In addition, available federal funds are appropriated for the
5 fiscal year ending September 30, 2008 AND FOR THE FISCAL YEAR
6 ENDING SEPTEMBER 30, 2009.

7 (2) The appropriations under this section shall be allocated
8 as provided in this act. Money appropriated under this section from
9 the general fund shall be expended to fund the purposes of this act
10 before the expenditure of money appropriated under this section
11 from the state school aid fund. If the maximum amount appropriated
12 under this section from the state school aid fund for a fiscal year
13 exceeds the amount necessary to fully fund allocations under this
14 act from the state school aid fund, that excess amount shall not be
15 expended in that state fiscal year and shall not lapse to the
16 general fund, but instead shall be deposited into the school aid
17 stabilization fund created in section 11a.

18 (3) If the maximum amount appropriated under this section from
19 the state school aid fund and the school aid stabilization fund for
20 a fiscal year exceeds the amount available for expenditure from the
21 state school aid fund for that fiscal year, payments under sections
22 11f, 11g, 11j, 22a, 26a, 26b, 31d, 31f, 51a(2), 51a(12), 51c, 53a,
23 and 56 shall be made in full. In addition, for districts beginning
24 operations after 1994-95 that qualify for payments under section
25 22b, payments under section 22b shall be made so that the
26 qualifying districts receive the lesser of an amount equal to the
27 1994-95 foundation allowance of the district in which the district



1 beginning operations after 1994-95 is located or \$5,500.00. The
2 amount of the payment to be made under section 22b for these
3 qualifying districts shall be as calculated under section 22a, with
4 the balance of the payment under section 22b being subject to the
5 proration otherwise provided under this subsection and subsection
6 (4). If proration is necessary, state payments under each of the
7 other sections of this act from all state funding sources shall be
8 prorated in the manner prescribed in subsection (4) as necessary to
9 reflect the amount available for expenditure from the state school
10 aid fund for the affected fiscal year. However, if the department
11 of treasury determines that proration will be required under this
12 subsection, or if the department of treasury determines that
13 further proration is required under this subsection after an
14 initial proration has already been made for a fiscal year, the
15 department of treasury shall notify the state budget director, and
16 the state budget director shall notify the legislature at least 30
17 calendar days or 6 legislative session days, whichever is more,
18 before the department reduces any payments under this act because
19 of the proration. During the 30 calendar day or 6 legislative
20 session day period after that notification by the state budget
21 director, the department shall not reduce any payments under this
22 act because of proration under this subsection. The legislature may
23 prevent proration from occurring by, within the 30 calendar day or
24 6 legislative session day period after that notification by the
25 state budget director, enacting legislation appropriating
26 additional funds from the general fund, countercyclical budget and
27 economic stabilization fund, state school aid fund balance, or



1 another source to fund the amount of the projected shortfall.

2 (4) If proration is necessary under subsection (3), the
3 department shall calculate the proration in district and
4 intermediate district payments that is required under subsection
5 (3) as follows:

6 (a) The department shall calculate the percentage of total
7 state school aid allocated under this act for the affected fiscal
8 year for each of the following:

9 (i) Districts.

10 (ii) Intermediate districts.

11 (iii) Entities other than districts or intermediate districts.

12 (b) The department shall recover a percentage of the proration
13 amount required under subsection (3) that is equal to the
14 percentage calculated under subdivision (a)(i) for districts by
15 reducing payments to districts. This reduction shall be made by
16 calculating an equal dollar amount per pupil as necessary to
17 recover this percentage of the proration amount and reducing each
18 district's total state school aid from state sources, other than
19 payments under sections 11f, 11g, 11j, 22a, 26a, 26b, 31d, 31f,
20 51a(2), 51a(12), 51c, and 53a, by that amount.

21 (c) The department shall recover a percentage of the proration
22 amount required under subsection (3) that is equal to the
23 percentage calculated under subdivision (a)(ii) for intermediate
24 districts by reducing payments to intermediate districts. This
25 reduction shall be made by reducing the payments to each
26 intermediate district, other than payments under sections 11f, 11g,
27 26a, 26b, 51a(2), 51a(12), 53a, and 56, on an equal percentage



1 basis.

2 (d) The department shall recover a percentage of the proration
3 amount required under subsection (3) that is equal to the
4 percentage calculated under subdivision (a)(iii) for entities other
5 than districts and intermediate districts by reducing payments to
6 these entities. This reduction shall be made by reducing the
7 payments to each of these entities, other than payments under
8 sections 11j, 26a, and 26b, on an equal percentage basis.

9 (5) Except for the allocation under section 26a, any general
10 fund allocations under this act that are not expended by the end of
11 the state fiscal year are transferred to the school aid
12 stabilization fund created under section 11a.

13 Sec. 11a. (1) The school aid stabilization fund is created as
14 a separate account within the state school aid fund established by
15 section 11 of article IX of the state constitution of 1963.

16 (2) The state treasurer may receive money or other assets from
17 any source for deposit into the school aid stabilization fund. The
18 state treasurer shall deposit into the school aid stabilization
19 fund all of the following:

20 (a) Unexpended and unencumbered state school aid fund revenue
21 for a fiscal year that remains in the state school aid fund as of
22 the bookclosing for that fiscal year.

23 (b) Money statutorily dedicated to the school aid
24 stabilization fund.

25 (c) Money appropriated to the school aid stabilization fund.

26 (3) Money available in the school aid stabilization fund may
27 not be expended without a specific appropriation from the school



1 aid stabilization fund. Money in the school aid stabilization fund
2 shall be expended only for purposes for which state school aid fund
3 money may be expended.

4 (4) The state treasurer shall direct the investment of the
5 school aid stabilization fund. The state treasurer shall credit to
6 the school aid stabilization fund interest and earnings from fund
7 investments.

8 (5) Money in the school aid stabilization fund at the close of
9 a fiscal year shall remain in the school aid stabilization fund and
10 shall not lapse to the unreserved school aid fund balance or the
11 general fund.

12 (6) If the maximum amount appropriated under section 11 from
13 the state school aid fund for a fiscal year exceeds the amount
14 available for expenditure from the state school aid fund for that
15 fiscal year, there is appropriated from the school aid
16 stabilization fund to the state school aid fund an amount equal to
17 the projected shortfall as determined by the department of
18 treasury, but not to exceed available money in the school aid
19 stabilization fund. If the money in the school aid stabilization
20 fund is insufficient to fully fund an amount equal to the projected
21 shortfall, the state budget director shall notify the legislature
22 as required under section 11(3) and state payments in an amount
23 equal to the remainder of the projected shortfall shall be prorated
24 in the manner provided under section 11(4).

25 (7) For ~~2007-2008~~ **2008-2009**, there is appropriated from the
26 school aid stabilization fund to the state school aid fund the
27 amount necessary to fully fund the allocations under this act.



1 Sec. 11g. (1) From the appropriation in section 11, there is
 2 allocated for this section an amount not to exceed ~~\$141,000.00 for~~
 3 ~~the fiscal year ending September 30, 2008, and an amount not to~~
 4 ~~exceed \$42,000,000.00~~ **FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2009**
 5 **AND** for each succeeding fiscal year through the fiscal year ending
 6 September 30, 2015, after which these payments will cease. These
 7 allocations are for paying the amounts described in subsection (3)
 8 to districts and intermediate districts, other than those receiving
 9 a lump-sum payment under section 11f(2), that were not plaintiffs
 10 in the consolidated cases known as Durant v State of Michigan,
 11 Michigan supreme court docket no. 104458-104492 and that, on or
 12 before March 2, 1998, submitted to the state treasurer a waiver
 13 resolution described in section 11f. The amounts paid under this
 14 section represent offers of settlement and compromise of any claim
 15 or claims that were or could have been asserted by these districts
 16 and intermediate districts, as described in this section.

17 (2) This section does not create any obligation or liability
 18 of this state to any district or intermediate district that does
 19 not submit a waiver resolution described in section 11f. This
 20 section ~~, AND any other provision of this act, and section 353e of~~
 21 ~~the management and budget act, 1984 PA 431, MCL 18.1353e,~~ are not
 22 intended to admit liability or waive any defense that is or would
 23 be available to this state or its agencies, employees, or agents in
 24 any litigation or future litigation with a district or intermediate
 25 district regarding these claims or potential claims.

26 (3) The amount paid each fiscal year to each district or
 27 intermediate district under this section shall be 1 of the



1 following:

2 (a) If the district or intermediate district does not borrow
3 money and issue bonds under section 11i, 1/30 of the total amount
4 listed in section 11h for the district or intermediate district
5 through the fiscal year ending September 30, 2013.

6 (b) If the district or intermediate district borrows money and
7 issues bonds under section 11i, an amount in each fiscal year
8 calculated by the department of treasury that is equal to the debt
9 service amount in that fiscal year on the bonds issued by that
10 district or intermediate district under section 11i and that will
11 result in the total payments made to all districts and intermediate
12 districts in each fiscal year under this section being no more than
13 the amount appropriated under this section in each fiscal year.

14 (4) The entire amount of each payment under this section each
15 fiscal year shall be paid on May 15 of the applicable fiscal year
16 or on the next business day following that date. If a district or
17 intermediate district borrows money and issues bonds under section
18 11i, the district or intermediate district shall use funds received
19 under this section to pay debt service on bonds issued under
20 section 11i. If a district or intermediate district does not borrow
21 money and issue bonds under section 11i, the district or
22 intermediate district shall use funds received under this section
23 only for the following purposes, in the following order of
24 priority:

25 (a) First, to pay debt service on voter-approved bonds issued
26 by the district or intermediate district before the effective date
27 of this section.



1 (b) Second, to pay debt service on other limited tax
2 obligations.

3 (c) Third, for deposit into a sinking fund established by the
4 district or intermediate district under the revised school code.

5 (5) To the extent payments under this section are used by a
6 district or intermediate district to pay debt service on debt
7 payable from millage revenues, and to the extent permitted by law,
8 the district or intermediate district may make a corresponding
9 reduction in the number of mills levied for debt service.

10 (6) A district or intermediate district may pledge or assign
11 payments under this section as security for bonds issued under
12 section 11i, but shall not otherwise pledge or assign payments
13 under this section.

14 Sec. 11j. From the appropriation in section 11, there is
15 allocated an amount not to exceed \$3,900,000.00 for 2007-2008 **AND**
16 **AN AMOUNT NOT TO EXCEED \$39,000,000.00 FOR 2008-2009** for payments
17 to the school loan bond redemption fund in the department of
18 treasury on behalf of districts and intermediate districts.
19 Notwithstanding section 11 or any other provision of this act,
20 funds allocated under this section are not subject to proration and
21 shall be paid in full.

22 Sec. 11k. For ~~2007-2008~~ **2008-2009**, there is appropriated from
23 the general fund to the school loan revolving fund an amount equal
24 to the amount of school bond loans assigned to the Michigan
25 municipal bond authority, not to exceed the total amount of school
26 bond loans held in reserve as long-term assets. As used in this
27 section, "school loan revolving fund" means that fund created in



1 section 16c of the shared credit rating act, 1985 PA 227, MCL
2 141.1066c.

3 Sec. 11m. From the appropriations in section 11, there is
4 allocated for ~~2007-2008-2008-2009~~ an amount not to exceed
5 ~~\$22,800,000.00~~ **\$45,000,000.00** for fiscal year cash-flow borrowing
6 costs solely related to the state school aid fund established by
7 section 11 of article IX of the state constitution of 1963.

8 SEC. 11N. (1) FROM THE APPROPRIATION IN SECTION 11, THERE IS
9 ALLOCATED **\$15,000,000.00** FOR 2008-2009 FOR THE PURPOSES OF THIS
10 SECTION. MONEY ALLOCATED UNDER THIS SECTION SHALL BE DEPOSITED IN
11 THE 21ST CENTURY SCHOOLS FUND ON NOVEMBER 15 OF THE FISCAL YEAR FOR
12 WHICH IT IS ALLOCATED OR ON THE NEXT BUSINESS DAY FOLLOWING THAT
13 DATE.

14 (2) THE 21ST CENTURY SCHOOLS FUND IS CREATED AS A SEPARATE
15 ACCOUNT WITHIN THE STATE SCHOOL AID FUND. THE STATE TREASURER MAY
16 RECEIVE MONEY OR OTHER ASSETS FROM ANY SOURCE FOR DEPOSIT INTO THE
17 21ST CENTURY SCHOOLS FUND. THE STATE TREASURER SHALL DIRECT THE
18 INVESTMENT OF THE 21ST CENTURY SCHOOLS FUND. THE STATE TREASURER
19 SHALL CREDIT TO THE 21ST CENTURY SCHOOLS FUND INTEREST AND EARNINGS
20 FROM 21ST CENTURY SCHOOLS FUND INVESTMENTS. MONEY IN THE 21ST
21 CENTURY SCHOOLS FUND AT THE CLOSE OF THE FISCAL YEAR SHALL REMAIN
22 IN THE 21ST CENTURY SCHOOLS FUND AND SHALL NOT LAPSE TO THE STATE
23 SCHOOL AID FUND OR TO THE GENERAL FUND. THE DEPARTMENT OF TREASURY
24 SHALL BE THE ADMINISTRATOR OF THE 21ST CENTURY SCHOOLS FUND FOR
25 AUDITING PURPOSES. MONEY FROM THE 21ST CENTURY SCHOOLS FUND SHALL
26 BE EXPENDED, UPON APPROPRIATION, ONLY FOR PURPOSES OF THIS SECTION.

27 (3) FOR 2008-2009, AN AMOUNT NOT TO EXCEED **\$15,000,000.00** IS



1 ALLOCATED FROM THE 21ST CENTURY SCHOOLS FUND FOR 21ST CENTURY
2 SCHOOLS GRANTS UNDER THIS SECTION OF UP TO \$3,000,000.00 FOR EACH
3 SCHOOL PROJECT TO ELIGIBLE DISTRICTS THAT MEET THE REQUIREMENTS OF
4 THIS SECTION. THE FUNDS MAY BE USED FOR PLANNING AND START-UP COSTS
5 OF NEWLY CONSTRUCTED OR NEWLY CONFIGURED SCHOOLS OR LEARNING
6 COMMUNITIES AND RENOVATIONS OF EXISTING FACILITIES AS WELL AS OTHER
7 EXPENDITURES OUTLINED IN THE APPLICANTS' PROPOSALS RELATING TO
8 PLANNING AND START-UP COSTS AND APPROVED BY THE DEPARTMENT.
9 NOTWITHSTANDING SECTION 17B, THE TOTAL GRANT AMOUNT FOR 2008-2009
10 TO EACH ELIGIBLE DISTRICT OR PUBLIC SCHOOL ACADEMY SHALL BE
11 DISTRIBUTED OVER A 4-YEAR PERIOD ON A SCHEDULE TO BE DETERMINED BY
12 THE DEPARTMENT.

13 (4) TO APPLY FOR A 21ST CENTURY SCHOOLS GRANT, AN ELIGIBLE
14 DISTRICT SHALL SUBMIT AN APPLICATION TO THE DEPARTMENT, IN A FORM
15 AND MANNER PRESCRIBED BY THE DEPARTMENT, THAT MEETS THE APPLICATION
16 CRITERIA UNDER THIS SECTION. AN APPLICATION SHALL DEMONSTRATE TO
17 THE SATISFACTION OF THE DEPARTMENT THAT THE SCHOOL OR LEARNING
18 COMMUNITY OF AN ELIGIBLE DISTRICT TO BE FUNDED MEETS ALL OF THE
19 FOLLOWING:

20 (A) WILL BE DESIGNED TO ACHIEVE THE FOLLOWING OUTCOMES NOT
21 LATER THAN THE SCHOOL YEAR IN WHICH THE THIRD HIGH SCHOOL
22 GRADUATING CLASS GRADUATES FROM THE SCHOOL OR LEARNING COMMUNITY:

23 (i) AN 80% GRADUATION RATE, AS DETERMINED BY THE DEPARTMENT.

24 (ii) AT LEAST 80% OF THE HIGH SCHOOL GRADUATES FROM THE SCHOOL
25 OR LEARNING COMMUNITY ARE ENROLLED IN POSTSECONDARY STUDIES WITHIN
26 6 MONTHS AFTER HIGH SCHOOL GRADUATION. FOR PURPOSES OF THIS
27 SUBPARAGRAPH, "POSTSECONDARY STUDIES" INCLUDES 4-YEAR COLLEGES AND



1 UNIVERSITIES, COMMUNITY COLLEGES, TECHNICAL SCHOOLS,
2 APPRENTICESHIPS, AND MILITARY ENLISTMENT.

3 (B) WILL PROVIDE AN OPEN ENROLLMENT SUCH THAT IF THERE ARE
4 MORE APPLICATIONS TO ENROLL THAN THERE ARE SPACES AVAILABLE, PUPILS
5 SHALL BE SELECTED TO ATTEND USING A RANDOM SELECTION PROCESS.
6 HOWEVER, A SCHOOL OR LEARNING COMMUNITY MAY GIVE ENROLLMENT
7 PRIORITY TO A SIBLING OF A PUPIL ENROLLED IN THE SCHOOL OR LEARNING
8 COMMUNITY, AND A SCHOOL OR LEARNING COMMUNITY SHALL ALLOW ANY PUPIL
9 WHO WAS ENROLLED IN THE SCHOOL OR LEARNING COMMUNITY IN THE
10 IMMEDIATELY PRECEDING SCHOOL YEAR TO ENROLL IN THE SCHOOL OR
11 LEARNING COMMUNITY IN THE NEXT APPROPRIATE GRADE UNTIL THE PUPIL
12 GRADUATES FROM THE SCHOOL OR LEARNING COMMUNITY.

13 (C) WILL HAVE A MAXIMUM OF 110 PUPILS IN EACH HIGH SCHOOL
14 GRADE LEVEL AND AN AVERAGE OF AT LEAST 75 PUPILS IN EACH HIGH
15 SCHOOL GRADE LEVEL.

16 (D) WILL INCORPORATE A RELATIONSHIP-BUILDING GOAL BETWEEN THE
17 TEACHING STAFF, ADMINISTRATION, PUPILS, AND PARENTS.

18 (E) HAS A COMMITMENT OF PRIVATE MATCHING FUNDS AT LEAST EQUAL
19 TO THE AMOUNT OF THE GRANT UNDER THIS SECTION.

20 (5) IF THE DEPARTMENT DETERMINES THAT A GRANT RECIPIENT HAS
21 FAILED TO ACHIEVE THE OUTCOMES DESCRIBED IN SUBSECTION (4)(A), THE
22 GRANT RECIPIENT SHALL RETURN TO THE STATE 50% OF THE TOTAL GRANT
23 AWARDED. TO ACCOMPLISH THE RETURN OF THESE FUNDS, THE DEPARTMENT
24 SHALL DEDUCT AN AMOUNT EQUAL TO 50% OF THE TOTAL GRANT AWARDED FROM
25 THE GRANT RECIPIENT'S STATE SCHOOL AID INSTALLMENT PAYMENTS, ON A
26 SCHEDULE DETERMINED BY THE DEPARTMENT. FUNDS RETURNED UNDER THIS
27 SUBSECTION SHALL BE DEPOSITED IN THE 21ST CENTURY SCHOOLS FUND.



(6) IN AWARDING GRANTS UNDER THIS SECTION, THE DEPARTMENT SHALL GIVE PREFERENCE TO GRANT APPLICATIONS FOR STARTING A NEW SCHOOL OR LEARNING COMMUNITY THAT WILL IMPLEMENT STRATEGIES TO PREPARE MIDDLE SCHOOL STUDENTS LIKELY TO ATTEND THE SCHOOL OR LEARNING COMMUNITY OR THAT WILL INCLUDE GRADES 6 TO 12 RATHER THAN PROPOSALS FOR STAND-ALONE SCHOOLS INCLUDING ONLY GRADES 9 TO 12 AND NOT IMPLEMENTING STRATEGIES TO PREPARE MIDDLE SCHOOL STUDENTS.

(7) THE DEPARTMENT SHALL NOT AWARD MORE THAN 1/3 OF THE GRANTS UNDER THIS SECTION TO PUBLIC SCHOOL ACADEMIES.

(8) THE DEPARTMENT SHALL ESTABLISH AND PUBLICIZE THE APPLICATION PROCESS AND A SCHEDULE FOR THE APPLICATION PROCESS.

(9) AS USED IN THIS SECTION, "ELIGIBLE DISTRICT" MEANS ALL OF THE FOLLOWING:

(A) A DISTRICT WITH A DISTRICTWIDE COHORT GRADUATION RATE FOR HIGH SCHOOL PUPILS BELOW 70%, AS DETERMINED BY THE CENTER FOR EDUCATIONAL PERFORMANCE AND INFORMATION, FOR ITS MOST RECENT GRADUATING CLASS FOR WHICH DATA ARE AVAILABLE.

(B) A PUBLIC SCHOOL ACADEMY IF A MAJORITY OF THE PUPILS ENROLLED IN THE PUBLIC SCHOOL ACADEMY RESIDE IN A DISTRICT THAT MEETS THE CRITERIA UNDER SUBDIVISION (A).

Sec. 15. (1) If a district or intermediate district fails to receive its proper apportionment, the department, upon satisfactory proof that the district or intermediate district was entitled justly, shall apportion the deficiency in the next apportionment. Subject to subsections (2) and (3), if a district or intermediate district has received more than its proper apportionment, the department, upon satisfactory proof, shall deduct the excess in the



1 next apportionment. Notwithstanding any other provision in this
2 act, state aid overpayments to a district, other than overpayments
3 in payments for special education or special education
4 transportation, may be recovered from any payment made under this
5 act other than a special education or special education
6 transportation payment. State aid overpayments made in special
7 education or special education transportation payments may be
8 recovered from subsequent special education or special education
9 transportation payments.

10 (2) If the result of an audit conducted by or for the
11 department affects the current fiscal year membership, affected
12 payments shall be adjusted in the current fiscal year. A deduction
13 due to an adjustment made as a result of an audit conducted by or
14 for the department, or as a result of information obtained by the
15 department from the district, an intermediate district, the
16 department of treasury, or the office of auditor general, shall be
17 deducted from the district's apportionments when the adjustment is
18 finalized. At the request of the district and upon the district
19 presenting evidence satisfactory to the department of the hardship,
20 the department may grant up to an additional 4 years for the
21 adjustment if the district would otherwise experience a significant
22 hardship.

23 (3) If, because of the receipt of new or updated data, the
24 department determines during a fiscal year that the amount paid to
25 a district or intermediate district under this act for a prior
26 fiscal year was incorrect under the law in effect for that year,
27 the department may make the appropriate deduction or payment in the



1 district's or intermediate district's allocation for the fiscal
2 year in which the determination is made. The deduction or payment
3 shall be calculated according to the law in effect in the fiscal
4 year in which the improper amount was paid.

5 (4) Expenditures made by the department under this act that
6 are caused by the write-off of prior year accruals may be funded by
7 revenue from the write-off of prior year accruals.

8 (5) In addition to funds appropriated in section 11 for all
9 programs and services, there is appropriated for ~~2007-2008-2008-~~
10 ~~2009~~ for obligations in excess of applicable appropriations ~~—an~~
11 amount equal to the collection of overpayments, but not to exceed
12 amounts available from overpayments.

13 Sec. 18. (1) Except as provided in another section of this
14 act, each district or other entity shall apply the money received
15 by the district or entity under this act to salaries and other
16 compensation of teachers and other employees, tuition,
17 transportation, lighting, heating, ventilation, water service, the
18 purchase of textbooks which are designated by the board to be used
19 in the schools under the board's charge, other supplies, and any
20 other school operating expenditures defined in section 7. However,
21 not more than 20% of the total amount received by a district under
22 article 2 or intermediate district under article 8 may be
23 transferred by the board to either the capital projects fund or to
24 the debt retirement fund for debt service. The money shall not be
25 applied or taken for a purpose other than as provided in this
26 section. The department shall determine the reasonableness of
27 expenditures and may withhold from a recipient of funds under this



1 act the apportionment otherwise due upon a violation by the
2 recipient.

3 (2) Within 30 days after a board or intermediate board adopts
4 its annual operating budget for the following school fiscal year,
5 or after a board or intermediate board adopts a subsequent revision
6 to that budget, the district or intermediate district shall make
7 the budget and subsequent budget revisions available on its
8 website, or a district may make the information available on its
9 intermediate district's website, in a form and manner prescribed by
10 the department.

11 (3) For the purpose of determining the reasonableness of
12 expenditures and whether a violation of this act has occurred, the
13 department shall require that each district and intermediate
14 district have an audit of the district's or intermediate district's
15 financial and pupil accounting records conducted at least annually
16 at the expense of the district or intermediate district, as
17 applicable, by a certified public accountant or by the intermediate
18 district superintendent, as may be required by the department, or
19 in the case of a district of the first class by a certified public
20 accountant, the intermediate superintendent, or the auditor general
21 of the city. An intermediate district's annual financial audit
22 shall be accompanied by the intermediate district's pupil
23 accounting procedures report. A district's or intermediate
24 district's annual financial audit shall include an analysis of the
25 financial and pupil accounting data used as the basis for
26 distribution of state school aid. The pupil accounting records and
27 reports, audits, and management letters are subject to requirements



1 established in the auditing and accounting manuals approved and
2 published by the department. Except as otherwise provided in this
3 subsection, a district shall file the annual financial audit
4 reports with the intermediate district not later than 120 days
5 after the end of each school fiscal year and the intermediate
6 district shall forward the annual financial audit reports for its
7 constituent districts and for the intermediate district, and the
8 pupil accounting procedures report for the pupil membership count
9 day and supplemental count day, to the department not later than
10 November 15 of each year. The annual financial audit reports and
11 pupil accounting procedures reports shall be available to the
12 public in compliance with the freedom of information act, 1976 PA
13 442, MCL 15.231 to 15.246. Not later than December 31 of each year,
14 the department shall notify the state budget director and the
15 legislative appropriations subcommittees responsible for review of
16 the school aid budget of districts and intermediate districts that
17 have not filed an annual financial audit and pupil accounting
18 procedures report required under this section for the school year
19 ending in the immediately preceding fiscal year.

20 (4) By November 15 of each year, each district and
21 intermediate district shall submit to the center, in a manner
22 prescribed by the center, annual comprehensive financial data
23 consistent with accounting manuals and charts of accounts approved
24 and published by the department. For an intermediate district, the
25 report shall also contain the website address where the department
26 can access the report required under section 620 of the revised
27 school code, MCL 380.620. The department shall ensure that the



1 prescribed Michigan public school accounting manual chart of
2 accounts includes standard conventions to distinguish expenditures
3 by allowable fund function and object. The functions shall include
4 at minimum categories for instruction, pupil support, instructional
5 staff support, general administration, school administration,
6 business administration, transportation, facilities operation and
7 maintenance, facilities acquisition, and debt service; and shall
8 include object classifications of salary, benefits, including
9 categories for active employee ~~medical, optical, and dental~~ **HEALTH**
10 expenditures, purchased services, supplies, capital outlay, and
11 other. Districts shall report the required level of detail
12 consistent with the manual as part of the comprehensive annual
13 financial report. The department shall make this information
14 available online to districts and intermediate districts, and shall
15 include per-pupil amounts spent on instruction and instructional
16 support service functions, and indicate how much of those costs
17 were attributable to salaries. Districts and intermediate districts
18 shall include a link on their websites to the website where the
19 department posts this information.

20 (5) By September 30 of each year, each district and
21 intermediate district shall file with the department the special
22 education actual cost report, known as "SE-4096", on a form and in
23 the manner prescribed by the department.

24 (6) By October 7 of each year, each district and intermediate
25 district shall file with the center the transportation expenditure
26 report, known as "SE-4094", on a form and in the manner prescribed
27 by the center.



1 (7) The department shall review its pupil accounting and pupil
2 auditing manuals at least annually and shall periodically update
3 those manuals to reflect changes in this act. As part of its annual
4 review process for 2007, not later than December 31, 2007, the
5 department shall revise the pupil auditing manual to establish
6 standardized procedures and processes for auditing pupil exit
7 statuses and other pupil data used in calculating annual graduation
8 and pupil dropout rates.

9 (8) If a district that is a public school academy purchases
10 property using money received under this act, the public school
11 academy shall retain ownership of the property unless the public
12 school academy sells the property at fair market value.

13 (9) If a district or intermediate district does not comply
14 with subsection (3), (4), (5), or (6), the department shall
15 withhold all state school aid due to the district or intermediate
16 district under this act, beginning with the next payment due to the
17 district or intermediate district, until the district or
18 intermediate district complies with subsections (3), (4), (5), and
19 (6). If the district or intermediate district does not comply with
20 subsections (3), (4), (5), and (6) by the end of the fiscal year,
21 the district or intermediate district forfeits the amount withheld.

22 Sec. 18b. (1) Property of a public school academy that was
23 acquired substantially with funds appropriated under this act shall
24 be transferred to this state by the public school academy
25 corporation if any of the following occur:

26 (a) The public school academy has been ineligible to receive
27 funding under this act for 18 consecutive months.



1 (b) The public school academy's contract has been revoked **OR**
2 **TERMINATED FOR ANY REASON.**

3 (c) The public school academy's contract has not been reissued
4 by the authorizing body.

5 (2) Property required to be transferred to this state under
6 this section includes title to all real and personal property,
7 interests in real or personal property, and other assets owned by
8 the public school academy corporation that were substantially
9 acquired with funds appropriated under this act.

10 (3) The state treasurer, or his or her designee, is authorized
11 to dispose of property transferred to this state under this
12 section. Except as otherwise provided in this section, the state
13 treasurer shall deposit in the state school aid fund any money
14 included in that property and the net proceeds from the sale of the
15 property or interests in property, after payment by the state
16 treasurer of any public school academy debt secured by the property
17 or interest in property.

18 (4) This section does not impose any liability on this state,
19 any agency of this state, or an authorizing body for any debt
20 incurred by a public school academy.

21 (5) As used in this section and section 18c, "authorizing
22 body" means an authorizing body defined under section 501 **OR 1311B**
23 of the revised school code, MCL 380.501 **AND 380.1311B.**

24 Sec. 19. (1) A district shall comply with any requirements of
25 sections 1204a, 1277, 1278, and 1280 of the revised school code,
26 MCL 380.1204a, 380.1277, 380.1278, and 380.1280, commonly referred
27 to as "public act 25 of 1990" that are not also required by the no



1 child left behind act of 2001, Public Law 107-110, as determined by
2 the department.

3 (2) Each district and intermediate district shall provide to
4 the department, in a form and manner prescribed by the department,
5 information necessary for the development of an annual progress
6 report on the required implementation of sections 1204a, 1277,
7 1278, and 1280 of the revised school code, MCL 380.1204a, 380.1277,
8 380.1278, and 380.1280, commonly referred to as "public act 25 of
9 1990".

10 (3) A district or intermediate district shall comply with all
11 applicable reporting requirements specified in state and federal
12 law. Data provided to the center, in a form and manner prescribed
13 by the center, shall be aggregated and disaggregated as required by
14 state and federal law.

15 (4) Each district shall furnish to the center not later than 7
16 5 weeks after the pupil membership count day, in a manner
17 prescribed by the center, the information necessary for the
18 preparation of the district and high school graduation report. This
19 information shall meet requirements established in the pupil
20 auditing manual approved and published by the department. The
21 center shall calculate an annual graduation and pupil dropout rate
22 for each high school, each district, and this state, in compliance
23 with nationally recognized standards for these calculations. The
24 center shall report all graduation and dropout rates to the senate
25 and house education committees and appropriations committees, the
26 state budget director, and the department not later than 30 days
27 after the publication of the list described in subsection (8).



1 (5) By the first business day in December and by June 30 of
2 each year, a district shall furnish to the center, in a manner
3 prescribed by the center, information related to educational
4 personnel as necessary for reporting required by state and federal
5 law.

6 (6) By June 30 of each year, a district shall furnish to the
7 center, in a manner prescribed by the center, information related
8 to safety practices and criminal incidents as necessary for
9 reporting required by state and federal law.

10 (7) If a district or intermediate district fails to meet the
11 requirements of subsection (2), (3), (4), (5), or (6), the
12 department shall withhold 5% of the total funds for which the
13 district or intermediate district qualifies under this act until
14 the district or intermediate district complies with all of those
15 subsections. If the district or intermediate district does not
16 comply with all of those subsections by the end of the fiscal year,
17 the department shall place the amount withheld in an escrow account
18 until the district or intermediate district complies with all of
19 those subsections.

20 (8) Before publishing a list of schools or districts
21 determined to have failed to make adequate yearly progress as
22 required by the no child left behind act of 2001, Public Law 107-
23 110, the department shall allow a school or district to appeal that
24 determination. The department shall consider and act upon the
25 appeal within 30 days after it is submitted and shall not publish
26 the list until after all appeals have been considered and decided.

27 Sec. 20. (1) ~~For 2006-2007, the basic foundation allowance is~~



1 ~~\$7,085.00.~~ For 2007-2008, the basic foundation allowance is
2 \$8,433.00. **FOR 2008-2009, THE BASIC FOUNDATION ALLOWANCE IS**
3 **\$8,489.00.**

4 (2) The amount of each district's foundation allowance shall
5 be calculated as provided in this section, using a basic foundation
6 allowance in the amount specified in subsection (1).

7 (3) Except as otherwise provided in this section, the amount
8 of a district's foundation allowance shall be calculated as
9 follows, using in all calculations the total amount of the
10 district's foundation allowance as calculated before any proration:

11 (a) For 2007-2008, for a district that had a foundation
12 allowance for 2006-2007, including any adjustment under subdivision
13 (f), that was at least equal to \$7,108.00 but less than \$8,385.00,
14 the district shall receive a foundation allowance in an amount
15 equal to the sum of the district's foundation allowance for 2006-
16 2007 plus the difference between \$96.00 and [(\$48.00 minus \$20.00)
17 times (the difference between the district's foundation allowance
18 for 2006-2007, including any adjustment under subdivision (f), and
19 \$7,108.00) divided by \$1,325.00]. Beginning in 2008-2009, for a
20 district that had a foundation allowance for the immediately
21 preceding state fiscal year that was at least equal to the sum of
22 \$7,108.00 plus the total dollar amount of all adjustments made from
23 2006-2007 to the immediately preceding state fiscal year in the
24 lowest foundation allowance among all districts, but less than the
25 basic foundation allowance for the immediately preceding state
26 fiscal year, the district shall receive a foundation allowance in
27 an amount equal to the sum of the district's foundation allowance



1 for the immediately preceding state fiscal year plus the difference
2 between twice the dollar amount of the adjustment from the
3 immediately preceding state fiscal year to the current state fiscal
4 year made in the basic foundation allowance and [(the dollar amount
5 of the adjustment from the immediately preceding state fiscal year
6 to the current state fiscal year made in the basic foundation
7 allowance minus ~~\$50.00~~ **\$20.00**) times (the difference between the
8 district's foundation allowance for the immediately preceding state
9 fiscal year and the sum of \$7,108.00 plus the total dollar amount
10 of all adjustments made from 2006-2007 to the immediately preceding
11 state fiscal year in the lowest foundation allowance among all
12 districts) divided by the difference between the basic foundation
13 allowance for the current state fiscal year and the sum of
14 \$7,108.00 plus the total dollar amount of all adjustments made from
15 2006-2007 to the immediately preceding state fiscal year in the
16 lowest foundation allowance among all districts]. However, the
17 foundation allowance for a district that had less than the basic
18 foundation allowance for the immediately preceding state fiscal
19 year shall not exceed the basic foundation allowance for the
20 current state fiscal year.

21 (b) Except as otherwise provided in this subsection, beginning
22 in 2008-2009, for a district that in the immediately preceding
23 state fiscal year had a foundation allowance in an amount at least
24 equal to the amount of the basic foundation allowance for the
25 immediately preceding state fiscal year, the district shall receive
26 a foundation allowance in an amount equal to the sum of the
27 district's foundation allowance for the immediately preceding state



1 fiscal year plus the dollar amount of the adjustment from the
2 immediately preceding state fiscal year to the current state fiscal
3 year in the basic foundation allowance.

4 (c) For a district that in the 1994-95 state fiscal year had a
5 foundation allowance greater than \$6,500.00, the district's
6 foundation allowance is an amount equal to the sum of the
7 district's foundation allowance for the immediately preceding state
8 fiscal year plus the lesser of the increase in the basic foundation
9 allowance for the current state fiscal year, as compared to the
10 immediately preceding state fiscal year, or the product of the
11 district's foundation allowance for the immediately preceding state
12 fiscal year times the percentage increase in the United States
13 consumer price index in the calendar year ending in the immediately
14 preceding fiscal year as reported by the May revenue estimating
15 conference conducted under section 367b of the management and
16 budget act, 1984 PA 431, MCL 18.1367b. ~~For 2002-2003, for a~~
17 ~~district that in the 1994-95 state fiscal year had a foundation~~
18 ~~allowance greater than \$6,500.00, the district's foundation~~
19 ~~allowance is an amount equal to the sum of the district's~~
20 ~~foundation allowance for the immediately preceding state fiscal~~
21 ~~year plus the lesser of \$200.00 or the product of the district's~~
22 ~~foundation allowance for the immediately preceding state fiscal~~
23 ~~year times the percentage increase in the United States consumer~~
24 ~~price index in the calendar year ending in the immediately~~
25 ~~preceding fiscal year as reported by the May revenue estimating~~
26 ~~conference conducted under section 367b of the management and~~
27 ~~budget act, 1984 PA 431, MCL 18.1367b. For 2007-2008, for a~~

~~1 district that in the 1994-95 state fiscal year had a foundation~~
~~2 allowance greater than \$6,500.00, the district's foundation~~
~~3 allowance is an amount equal to the district's foundation allowance~~
~~4 for the immediately preceding state fiscal year plus \$48.00.~~

5 (d) For a district that has a foundation allowance that is not
6 a whole dollar amount, the district's foundation allowance shall be
7 rounded up to the nearest whole dollar.

8 (e) For a district that received a payment under section 22c
9 as that section was in effect for 2001-2002, the district's 2001-
10 2002 foundation allowance shall be considered to have been an
11 amount equal to the sum of the district's actual 2001-2002
12 foundation allowance as otherwise calculated under this section
13 plus the per pupil amount of the district's equity payment for
14 2001-2002 under section 22c as that section was in effect for 2001-
15 2002.

16 (f) ~~Beginning in 2007-2008, for~~ **FOR** a district that received a
17 payment under section 22c as that section was in effect for 2006-
18 2007, the district's 2006-2007 foundation allowance shall be
19 considered to have been an amount equal to the sum of the
20 district's actual 2006-2007 foundation allowance as otherwise
21 calculated under this section plus the per pupil amount of the
22 district's equity payment for 2006-2007 under section 22c as that
23 section was in effect for 2006-2007.

24 (4) Except as otherwise provided in this subsection, the state
25 portion of a district's foundation allowance is an amount equal to
26 the district's foundation allowance or the basic foundation
27 allowance for the current state fiscal year, whichever is less,



1 minus the difference between the **SUM OF THE** product of the taxable
 2 value per membership pupil of all property in the district that is
 3 ~~not a principal residence or qualified agricultural~~ **NONEXEMPT**
 4 property times the ~~lesser of 18 mills or the number of mills of~~
 5 ~~school operating taxes levied by the district in 1993-94~~ **DISTRICT'S**
 6 **CERTIFIED MILLS AND, FOR A DISTRICT WITH CERTIFIED MILLS EXCEEDING**
 7 **12, THE PRODUCT OF THE TAXABLE VALUE PER MEMBERSHIP PUPIL OF**
 8 **PROPERTY IN THE DISTRICT THAT IS COMMERCIAL PERSONAL PROPERTY TIMES**
 9 **THE CERTIFIED MILLS MINUS 12 MILLS** and the quotient of the ad
 10 valorem property tax revenue of the district captured under ~~1975 PA~~
 11 ~~197, MCL 125.1651 to 125.1681, the tax increment finance authority~~
 12 ~~act, 1980 PA 450, MCL 125.1801 to 125.1830, the local development~~
 13 ~~financing act, 1986 PA 281, MCL 125.2151 to 125.2174, the~~
 14 ~~brownfield redevelopment financing act, 1996 PA 381, MCL 125.2651~~
 15 ~~to 125.2672, or the corridor improvement authority act, 2005 PA~~
 16 ~~280, MCL 125.2871 to 125.2899, TAX INCREMENT FINANCING ACTS~~ divided
 17 by the district's membership excluding special education pupils.
 18 For a district described in subsection (3)(c), the state portion of
 19 the district's foundation allowance is an amount equal to \$6,962.00
 20 plus the difference between the district's foundation allowance for
 21 the current state fiscal year and the district's foundation
 22 allowance for 1998-99, minus the difference between the **SUM OF THE**
 23 product of the taxable value per membership pupil of all property
 24 in the district that is ~~not a principal residence or qualified~~
 25 ~~agricultural~~ **NONEXEMPT** property times the ~~lesser of 18 mills or the~~
 26 ~~number of mills of school operating taxes levied by the district in~~
 27 ~~1993-94~~ **DISTRICT'S CERTIFIED MILLS AND, FOR A DISTRICT WITH**

1 CERTIFIED MILLS EXCEEDING 12, THE PRODUCT OF THE TAXABLE VALUE PER
2 MEMBERSHIP PUPIL OF PROPERTY IN THE DISTRICT THAT IS COMMERCIAL
3 PERSONAL PROPERTY TIMES THE CERTIFIED MILLS MINUS 12 MILLS and the
4 quotient of the ad valorem property tax revenue of the district
5 captured under ~~1975 PA 197, MCL 125.1651 to 125.1681, the tax~~
6 ~~increment finance authority act, 1980 PA 450, MCL 125.1801 to~~
7 ~~125.1830, the local development financing act, 1986 PA 281, MCL~~
8 ~~125.2151 to 125.2174, the brownfield redevelopment financing act,~~
9 ~~1996 PA 381, MCL 125.2651 to 125.2672, or the corridor improvement~~
10 ~~authority act, 2005 PA 280, MCL 125.2871 to 125.2899, TAX INCREMENT~~
11 **FINANCING ACTS** divided by the district's membership excluding
12 special education pupils. For a district that has a millage
13 reduction required under section 31 of article IX of the state
14 constitution of 1963, the state portion of the district's
15 foundation allowance shall be calculated as if that reduction did
16 not occur.

17 (5) The allocation calculated under this section for a pupil
18 shall be based on the foundation allowance of the pupil's district
19 of residence. However, for a pupil enrolled in a district other
20 than the pupil's district of residence, if the foundation allowance
21 of the pupil's district of residence has been adjusted pursuant to
22 subsection (19), the allocation calculated under this section shall
23 not include the adjustment described in subsection (19). For a
24 pupil enrolled pursuant to section 105 or 105c in a district other
25 than the pupil's district of residence, the allocation calculated
26 under this section shall be based on the lesser of the foundation
27 allowance of the pupil's district of residence or the foundation



1 allowance of the educating district. For a pupil in membership in a
2 K-5, K-6, or K-8 district who is enrolled in another district in a
3 grade not offered by the pupil's district of residence, the
4 allocation calculated under this section shall be based on the
5 foundation allowance of the educating district if the educating
6 district's foundation allowance is greater than the foundation
7 allowance of the pupil's district of residence. The calculation
8 under this subsection shall take into account a district's per
9 pupil allocation under section 20j(2).

10 (6) For 2007-2008, subject to subsection (7) and section
11 22b(3) and except as otherwise provided in this subsection, for
12 pupils in membership, other than special education pupils, in a
13 public school academy or a university school, the allocation
14 calculated under this section is an amount per membership pupil
15 other than special education pupils in the public school academy or
16 university school equal to the sum of the local school operating
17 revenue per membership pupil other than special education pupils
18 for the district in which the public school academy or university
19 school is located and the state portion of that district's
20 foundation allowance, or \$7,475.00, whichever is less. Beginning in
21 2008-2009, subject to subsection (7) and section 22b(3) and except
22 as otherwise provided in this subsection, for pupils in membership,
23 other than special education pupils, in a public school academy or
24 a university school, the allocation calculated under this section
25 is an amount per membership pupil other than special education
26 pupils in the public school academy or university school equal to
27 the sum of the local school operating revenue per membership pupil

1 other than special education pupils for the district in which the
 2 public school academy or university school is located and the state
 3 portion of that district's foundation allowance, or the state
 4 maximum public school academy allocation, whichever is less.

5 Notwithstanding section 101(2), for a public school academy that
 6 begins operations after the pupil membership count day, the amount
 7 per membership pupil calculated under this subsection shall be
 8 adjusted by multiplying that amount per membership pupil by the
 9 number of hours of pupil instruction provided by the public school
 10 academy after it begins operations, as determined by the
 11 department, divided by the minimum number of hours of pupil
 12 instruction required under section 101(3). The result of this
 13 calculation shall not exceed the amount per membership pupil
 14 otherwise calculated under this subsection.

15 (7) If more than 25% of the pupils residing within a district
 16 are in membership in 1 or more public school academies located in
 17 the district, then the amount per membership pupil calculated under
 18 this section for a public school academy located in the district
 19 shall be reduced by an amount equal to the difference between the
 20 **SUM OF THE** product of the taxable value per membership pupil of all
 21 property in the district that is ~~not a principal residence or~~
 22 ~~qualified agricultural~~ **NONEXEMPT** property times the lesser of 18
 23 ~~mills or the number of mills of school operating taxes levied by~~
 24 ~~the district in 1993-94~~ **DISTRICT'S CERTIFIED MILLS AND, FOR A**
 25 **DISTRICT WITH CERTIFIED MILLS EXCEEDING 12, THE PRODUCT OF THE**
 26 **TAXABLE VALUE PER MEMBERSHIP PUPIL OF PROPERTY IN THE DISTRICT THAT**
 27 **IS COMMERCIAL PERSONAL PROPERTY TIMES THE CERTIFIED MILLS MINUS 12**



1 **MILLS** and the quotient of the ad valorem property tax revenue of
 2 the district captured under ~~1975 PA 197, MCL 125.1651 to 125.1681,~~
 3 ~~the tax increment finance authority act, 1980 PA 450, MCL 125.1801~~
 4 ~~to 125.1830, the local development financing act, 1986 PA 281, MCL~~
 5 ~~125.2151 to 125.2174, the brownfield redevelopment financing act,~~
 6 ~~1996 PA 381, MCL 125.2651 to 125.2672, or the corridor improvement~~
 7 ~~authority act, 2005 PA 280, MCL 125.2871 to 125.2899, **TAX INCREMENT**~~
 8 **FINANCING ACTS** divided by the district's membership excluding
 9 special education pupils, in the school fiscal year ending in the
 10 current state fiscal year, calculated as if the resident pupils in
 11 membership in 1 or more public school academies located in the
 12 district were in membership in the district. In order to receive
 13 state school aid under this act, a district described in this
 14 subsection shall pay to the authorizing body that is the fiscal
 15 agent for a public school academy located in the district for
 16 forwarding to the public school academy an amount equal to that
 17 local school operating revenue per membership pupil for each
 18 resident pupil in membership other than special education pupils in
 19 the public school academy, as determined by the department.

20 (8) If a district does not receive an amount calculated under
 21 subsection (9); if the number of mills the district may levy on a
 22 principal residence, ~~and~~ qualified agricultural property, **QUALIFIED**
 23 **FOREST PROPERTY, INDUSTRIAL PERSONAL PROPERTY, AND COMMERCIAL**
 24 **PERSONAL PROPERTY** under section ~~1211(1)~~ **1211** of the revised school
 25 code, MCL 380.1211, is 0.5 mills or less; and if the district
 26 elects not to levy those mills, the district instead shall receive
 27 a separate supplemental amount calculated under this subsection in



1 an amount equal to the amount the district would have received had
 2 it levied those mills, as determined by the department of treasury.
 3 A district shall not receive a separate supplemental amount
 4 calculated under this subsection for a fiscal year unless in the
 5 calendar year ending in the fiscal year the district levies ~~18~~
 6 ~~mills or the number of mills of school operating taxes levied by~~
 7 ~~the district in 1993, whichever is less, THE DISTRICT'S CERTIFIED~~
 8 **MILLS** on property that is ~~not a principal residence or qualified~~
 9 ~~agricultural~~ **NONEXEMPT** property.

10 (9) For a district that had combined state and local revenue
 11 per membership pupil in the 1993-94 state fiscal year of more than
 12 \$6,500.00 and that had fewer than 350 pupils in membership, if the
 13 district elects not to reduce the number of mills from which a
 14 principal residence, ~~and~~ qualified agricultural property, **QUALIFIED**
 15 **FOREST PROPERTY, INDUSTRIAL PERSONAL PROPERTY, AND COMMERCIAL**
 16 **PERSONAL PROPERTY** are exempt and not to levy school operating taxes
 17 on a principal residence, ~~and~~ qualified agricultural property,
 18 **QUALIFIED FOREST PROPERTY, INDUSTRIAL PERSONAL PROPERTY, AND**
 19 **COMMERCIAL PERSONAL PROPERTY** as provided in section ~~1211(1)~~ **1211** of
 20 the revised school code, MCL 380.1211, and not to levy school
 21 operating taxes on all property as provided in section 1211(2) of
 22 the revised school code, MCL 380.1211, there is calculated under
 23 this subsection for 1994-95 and each succeeding fiscal year a
 24 separate supplemental amount in an amount equal to the amount the
 25 district would have received per membership pupil had it levied
 26 school operating taxes on a principal residence, ~~and~~ qualified
 27 agricultural property, **QUALIFIED FOREST PROPERTY, INDUSTRIAL**



1 **PERSONAL PROPERTY, AND COMMERCIAL PERSONAL PROPERTY** at the rate
 2 authorized for the district under section ~~1211(1)~~**1211** of the
 3 revised school code, MCL 380.1211, and levied school operating
 4 taxes on all property at the rate authorized for the district under
 5 section 1211(2) of the revised school code, MCL 380.1211, as
 6 determined by the department of treasury. If in the calendar year
 7 ending in the fiscal year a district does not levy ~~18 mills or the~~
 8 ~~number of mills of school operating taxes levied by the district in~~
 9 ~~1993, whichever is less,~~**THE DISTRICT'S CERTIFIED MILLS** on property
 10 that is ~~not a principal residence or qualified agricultural~~
 11 **NONEXEMPT** property, the amount calculated under this subsection
 12 will be reduced by the same percentage as the millage actually
 13 levied compares to the ~~18 mills or the number of mills levied in~~
 14 ~~1993, whichever is less~~**DISTRICT'S CERTIFIED MILLS.**

15 (10) Subject to subsection (4), for a district that is formed
 16 or reconfigured after June 1, 2002 by consolidation of 2 or more
 17 districts or by annexation, the resulting district's foundation
 18 allowance under this section beginning after the effective date of
 19 the consolidation or annexation shall be the average of the
 20 foundation allowances of each of the original or affected
 21 districts, calculated as provided in this section, weighted as to
 22 the percentage of pupils in total membership in the resulting
 23 district who reside in the geographic area of each of the original
 24 or affected districts. The calculation under this subsection shall
 25 take into account a district's per pupil allocation under section
 26 20j(2).

27 (11) Each fraction used in making calculations under this



1 section shall be rounded to the fourth decimal place and the dollar
2 amount of an increase in the basic foundation allowance shall be
3 rounded to the nearest whole dollar.

4 (12) State payments related to payment of the foundation
5 allowance for a special education pupil are not calculated under
6 this section but are instead calculated under section 51a.

7 (13) To assist the legislature in determining the basic
8 foundation allowance for the subsequent state fiscal year, each
9 revenue estimating conference conducted under section 367b of the
10 management and budget act, 1984 PA 431, MCL 18.1367b, shall
11 calculate a pupil membership factor, a revenue adjustment factor,
12 and an index as follows:

13 (a) The pupil membership factor shall be computed by dividing
14 the estimated membership in the school year ending in the current
15 state fiscal year, excluding intermediate district membership, by
16 the estimated membership for the school year ending in the
17 subsequent state fiscal year, excluding intermediate district
18 membership. If a consensus membership factor is not determined at
19 the revenue estimating conference, the principals of the revenue
20 estimating conference shall report their estimates to the house and
21 senate subcommittees responsible for school aid appropriations not
22 later than 7 days after the conclusion of the revenue conference.

23 (b) The revenue adjustment factor shall be computed by
24 dividing the sum of the estimated total state school aid fund
25 revenue for the subsequent state fiscal year plus the estimated
26 total state school aid fund revenue for the current state fiscal
27 year, adjusted for any change in the rate or base of a tax the

proceeds of which are deposited in that fund and excluding money transferred into that fund from the countercyclical budget and economic stabilization fund under ~~section 353e~~ of the management and budget act, 1984 PA 431, ~~MCL 18.1353e~~ **MCL 18.1101 TO 18.1594**, by the sum of the estimated total school aid fund revenue for the current state fiscal year plus the estimated total state school aid fund revenue for the immediately preceding state fiscal year, adjusted for any change in the rate or base of a tax the proceeds of which are deposited in that fund. If a consensus revenue factor is not determined at the revenue estimating conference, the principals of the revenue estimating conference shall report their estimates to the house and senate subcommittees responsible for school aid appropriations not later than 7 days after the conclusion of the revenue conference.

(c) The index shall be calculated by multiplying the pupil membership factor by the revenue adjustment factor. However, for ~~2007-2008-2008-2009~~, the index shall be 1.00. If a consensus index is not determined at the revenue estimating conference, the principals of the revenue estimating conference shall report their estimates to the house and senate subcommittees responsible for school aid appropriations not later than 7 days after the conclusion of the revenue conference.

(14) If the principals at the revenue estimating conference reach a consensus on the index described in subsection (13)(c), the ~~basic~~ **LOWEST** foundation allowance **AMONG ALL DISTRICTS** for the subsequent state fiscal year shall be at least the amount of that consensus index multiplied by the ~~basic~~ **LOWEST** foundation allowance



~~specified in subsection (1)~~ **AMONG ALL DISTRICTS FOR THE IMMEDIATELY
PRECEDING STATE FISCAL YEAR.**

(15) If at the January revenue estimating conference it is estimated that pupil membership, excluding intermediate district membership, for the subsequent state fiscal year will be greater than 101% of the pupil membership, excluding intermediate district membership, for the current state fiscal year, then it is the intent of the legislature that the executive budget proposal for the school aid budget for the subsequent state fiscal year include a general fund/general purpose allocation sufficient to support the membership in excess of 101% of the current year pupil membership.

(16) For a district that had combined state and local revenue per membership pupil in the 1993-94 state fiscal year of more than \$6,500.00, that had fewer than 7 pupils in membership in the 1993-94 state fiscal year, that has at least 1 child educated in the district in the current state fiscal year, and that levies the number of mills of school operating taxes authorized for the district under section 1211 of the revised school code, MCL 380.1211, a minimum amount of combined state and local revenue shall be calculated for the district as provided under this subsection. The minimum amount of combined state and local revenue for 1999-2000 shall be \$67,000.00 plus the district's additional expenses to educate pupils in grades 9 to 12 educated in other districts as determined and allowed by the department. The minimum amount of combined state and local revenue under this subsection, before adding the additional expenses, shall increase each fiscal year by the same percentage increase as the percentage increase in



1 the basic foundation allowance from the immediately preceding
2 fiscal year to the current fiscal year. The state portion of the
3 minimum amount of combined state and local revenue under this
4 subsection shall be calculated by subtracting from the minimum
5 amount of combined state and local revenue under this subsection
6 the sum of the district's local school operating revenue and an
7 amount equal to the product of the sum of the state portion of the
8 district's foundation allowance plus the amount calculated under
9 section 20j times the district's membership. As used in this
10 subsection, "additional expenses" means the district's expenses for
11 tuition or fees, not to exceed the basic foundation allowance for
12 the current state fiscal year, plus a room and board stipend not to
13 exceed \$10.00 per school day for each pupil in grades 9 to 12
14 educated in another district, as approved by the department.

15 (17) For a district in which 7.75 mills levied in 1992 for
16 school operating purposes in the 1992-93 school year were not
17 renewed in 1993 for school operating purposes in the 1993-94 school
18 year, the district's combined state and local revenue per
19 membership pupil shall be recalculated as if that millage reduction
20 did not occur and the district's foundation allowance shall be
21 calculated as if its 1994-95 foundation allowance had been
22 calculated using that recalculated 1993-94 combined state and local
23 revenue per membership pupil as a base. A district is not entitled
24 to any retroactive payments for fiscal years before 2000-2001 due
25 to this subsection.

26 (18) For a district in which an industrial facilities
27 exemption certificate that abated taxes on property with a state



1 equalized valuation greater than the total state equalized
2 valuation of the district at the time the certificate was issued or
3 \$700,000,000.00, whichever is greater, was issued under 1974 PA
4 198, MCL 207.551 to 207.572, before the calculation of the
5 district's 1994-95 foundation allowance, the district's foundation
6 allowance for 2002-2003 is an amount equal to the sum of the
7 district's foundation allowance for 2002-2003, as otherwise
8 calculated under this section, plus \$250.00.

9 (19) For a district that received a grant under former section
10 32e for 2001-2002, the district's foundation allowance for 2002-
11 2003 and each succeeding fiscal year shall be adjusted to be an
12 amount equal to the sum of the district's foundation allowance, as
13 otherwise calculated under this section, plus the quotient of 100%
14 of the amount of the grant award to the district for 2001-2002
15 under former section 32e divided by the number of pupils in the
16 district's membership for 2001-2002 who were residents of and
17 enrolled in the district. Except as otherwise provided in this
18 subsection, a district qualifying for a foundation allowance
19 adjustment under this subsection shall use the funds resulting from
20 this adjustment for at least 1 of grades K to 3 for purposes
21 allowable under former section 32e as in effect for 2001-2002, and
22 may also use these funds for an early intervening program described
23 in subsection (20). For an individual school or schools operated by
24 a district qualifying for a foundation allowance under this
25 subsection that have been determined by the department to meet the
26 adequate yearly progress standards of the federal no child left
27 behind act of 2001, Public Law 107-110, in both mathematics and



English language arts at all applicable grade levels for all applicable subgroups, the district may submit to the department an application for flexibility in using the funds resulting from this adjustment that are attributable to the pupils in the school or schools. The application shall identify the affected school or schools and the affected funds and shall contain a plan for using the funds for specific purposes identified by the district that are designed to reduce class size, but that may be different from the purposes otherwise allowable under this subsection. The department shall approve the application if the department determines that the purposes identified in the plan are reasonably designed to reduce class size. If the department does not act to approve or disapprove an application within 30 days after it is submitted to the department, the application is considered to be approved. If an application for flexibility in using the funds is approved, the district may use the funds identified in the application for any purpose identified in the plan.

(20) An early intervening program that uses funds resulting from the adjustment under subsection (19) shall meet either or both of the following:

(a) Shall monitor individual pupil learning for pupils in grades K to 3 and provide specific support or learning strategies to pupils in grades K to 3 as early as possible in order to reduce the need for special education placement. The program shall include literacy and numeracy supports, sensory motor skill development, behavior supports, instructional consultation for teachers, and the development of a parent/school learning plan. Specific support or

1 learning strategies may include support in or out of the general
2 classroom in areas including reading, writing, math, visual memory,
3 motor skill development, behavior, or language development. These
4 would be provided based on an understanding of the individual
5 child's learning needs.

6 (b) Shall provide early intervening strategies for pupils in
7 grades K to 3 using schoolwide systems of academic and behavioral
8 supports and shall be scientifically research-based. The strategies
9 to be provided shall include at least pupil performance indicators
10 based upon response to intervention, instructional consultation for
11 teachers, and ongoing progress monitoring. A schoolwide system of
12 academic and behavioral support should be based on a support team
13 available to the classroom teachers. The members of this team could
14 include the principal, special education staff, reading teachers,
15 and other appropriate personnel who would be available to
16 systematically study the needs of the individual child and work
17 with the teacher to match instruction to the needs of the
18 individual child.

19 (21) For a district that levied 1.9 mills in 1993 to finance
20 an operating deficit, the district's foundation allowance shall be
21 calculated as if those mills were included as operating mills in
22 the calculation of the district's 1994-1995 foundation allowance. A
23 district is not entitled to any retroactive payments for fiscal
24 years before 2006-2007 due to this subsection. A district receiving
25 an adjustment under this subsection shall not receive more than
26 \$800,000.00 for a fiscal year as a result of this adjustment.

27 (22) For a district that levied 2.23 mills in 1993 to finance



1 an operating deficit, the district's foundation allowance shall be
2 calculated as if those mills were included as operating mills in
3 the calculation of the district's 1994-1995 foundation allowance. A
4 district is not entitled to any retroactive payments for fiscal
5 years before 2006-2007 due to this subsection. A district receiving
6 an adjustment under this subsection shall not receive more than
7 \$500,000.00 for a fiscal year as a result of this adjustment.

8 (23) Payments to districts, university schools, or public
9 school academies shall not be made under this section. Rather, the
10 calculations under this section shall be used to determine the
11 amount of state payments under section 22b.

12 (24) If an amendment to section 2 of article VIII of the state
13 constitution of 1963 allowing state aid to some or all nonpublic
14 schools is approved by the voters of this state, each foundation
15 allowance or per pupil payment calculation under this section may
16 be reduced.

17 (25) As used in this section:

18 (A) **"CERTIFIED MILLS" MEANS THE LESSER OF 18 MILLS OR THE**
19 **NUMBER OF MILLS OF SCHOOL OPERATING TAXES LEVIED BY THE DISTRICT IN**
20 **1993-94.**

21 (B) ~~(a)~~ "Combined state and local revenue" means the aggregate
22 of the district's state school aid received by or paid on behalf of
23 the district under this section and the district's local school
24 operating revenue.

25 (C) ~~(b)~~ "Combined state and local revenue per membership
26 pupil" means the district's combined state and local revenue
27 divided by the district's membership excluding special education



1 pupils.

2 (D) ~~(e)~~ "Current state fiscal year" means the state fiscal
3 year for which a particular calculation is made.

4 (E) ~~(d)~~ "Immediately preceding state fiscal year" means the
5 state fiscal year immediately preceding the current state fiscal
6 year.

7 (F) ~~(e)~~ "Local school operating revenue" means school
8 operating taxes levied under section 1211 of the revised school
9 code, MCL 380.1211.

10 (G) ~~(f)~~ "Local school operating revenue per membership pupil"
11 means a district's local school operating revenue divided by the
12 district's membership excluding special education pupils.

13 (H) ~~(g)~~ "Maximum public school academy allocation" means the
14 maximum per-pupil allocation as calculated by adding the highest
15 per-pupil allocation among all public school academies for the
16 immediately preceding state fiscal year plus the difference between
17 twice the dollar amount of the adjustment from the immediately
18 preceding state fiscal year to the current state fiscal year made
19 in the basic foundation allowance and [(the dollar amount of the
20 adjustment from the immediately preceding state fiscal year to the
21 current state fiscal year made in the basic foundation allowance
22 minus \$50.00) times (the difference between the highest per-pupil
23 allocation among all public school academies for the immediately
24 preceding state fiscal year and the sum of \$7,108.00 plus the total
25 dollar amount of all adjustments made from 2006-2007 to the
26 immediately preceding state fiscal year in the lowest per-pupil
27 allocation among all public school academies) divided by the



1 difference between the basic foundation allowance for the current
 2 state fiscal year and the sum of \$7,108.00 plus the total dollar
 3 amount of all adjustments made from 2006-2007 to the immediately
 4 preceding state fiscal year in the lowest per-pupil allocation
 5 among all public school academies].

6 (I) ~~(h)~~ "Membership" means the definition of that term under
 7 section 6 as in effect for the particular fiscal year for which a
 8 particular calculation is made.

9 (J) **"NONEXEMPT PROPERTY" MEANS PROPERTY THAT IS NOT A**
 10 **PRINCIPAL RESIDENCE, QUALIFIED AGRICULTURAL PROPERTY, QUALIFIED**
 11 **FOREST PROPERTY, INDUSTRIAL PERSONAL PROPERTY, OR COMMERCIAL**
 12 **PERSONAL PROPERTY.**

13 (K) ~~(i)~~ "Principal residence", and "qualified agricultural
 14 property", **"QUALIFIED FOREST PROPERTY", "INDUSTRIAL PERSONAL**
 15 **PROPERTY", AND "COMMERCIAL PERSONAL PROPERTY"** mean those terms as
 16 defined in section 7dd of the general property tax act, 1893 PA
 17 206, MCL 211.7dd, **AND SECTION 1211 OF THE REVISED SCHOOL CODE, MCL**
 18 **380.1211.**

19 (l) ~~(j)~~ "School operating purposes" means the purposes included
 20 in the operation costs of the district as prescribed in sections 7
 21 and 18.

22 (M) ~~(k)~~ "School operating taxes" means local ad valorem
 23 property taxes levied under section 1211 of the revised school
 24 code, MCL 380.1211, and retained for school operating purposes.

25 (N) **"TAX INCREMENT FINANCING ACTS" MEANS 1975 PA 197, MCL**
 26 **125.1651 TO 125.1681, THE TAX INCREMENT FINANCE AUTHORITY ACT, 1980**
 27 **PA 450, MCL 125.1801 TO 125.1830, THE LOCAL DEVELOPMENT FINANCING**



1 ACT, 1986 PA 281, MCL 125.2151 TO 125.2174, THE BROWNFIELD
2 REDEVELOPMENT FINANCING ACT, 1996 PA 381, MCL 125.2651 TO 125.2672,
3 OR THE CORRIDOR IMPROVEMENT AUTHORITY ACT, 2005 PA 280, MCL
4 125.2871 TO 125.2899.

5 (O) ~~(I)~~-"Taxable value per membership pupil" means taxable
6 value, as certified by the department of treasury, for the calendar
7 year ending in the current state fiscal year divided by the
8 district's membership excluding special education pupils for the
9 school year ending in the current state fiscal year.

10 Sec. 20d. In making the final determination required under
11 former section 20a of a district's combined state and local revenue
12 per membership pupil in 1993-94 and in making calculations under
13 section 20 **FOR 2008-2009**, the department and the department of
14 treasury shall comply with all of the following:

15 (a) For a district that had combined state and local revenue
16 per membership pupil in the 1994-95 state fiscal year of \$6,500.00
17 or more and served as a fiscal agent for a state board designated
18 area vocational education center in the 1993-94 school year, total
19 state school aid received by or paid on behalf of the district
20 pursuant to this act in 1993-94 shall exclude payments made under
21 former section 146 and under section 147 on behalf of the
22 district's employees who provided direct services to the area
23 vocational education center. Not later than June 30, 1996, the
24 department shall make an adjustment under this subdivision to the
25 district's combined state and local revenue per membership pupil in
26 the 1994-95 state fiscal year and the department of treasury shall
27 make a final certification of the number of mills that may be



1 levied by the district under section 1211 of the revised school
2 code, MCL 380.1211, as a result of the adjustment under this
3 subdivision.

4 (b) If a district had an adjustment made to its 1993-94 total
5 state school aid that excluded payments made under former section
6 146 and under section 147 on behalf of the district's employees who
7 provided direct services for intermediate district center programs
8 operated by the district under article 5, if nonresident pupils
9 attending the center programs were included in the district's
10 membership for purposes of calculating the combined state and local
11 revenue per membership pupil for 1993-94, and if there is a signed
12 agreement by all constituent districts of the intermediate district
13 that an adjustment under this subdivision shall be made, the
14 foundation allowances for 1995-96 and 1996-97 of all districts that
15 had pupils attending the intermediate district center program
16 operated by the district that had the adjustment shall be
17 calculated as if their combined state and local revenue per
18 membership pupil for 1993-94 included resident pupils attending the
19 center program and excluded nonresident pupils attending the center
20 program.

21 Sec. 20j. (1) Foundation allowance supplemental payments for
22 ~~2007-2008-2008-2009~~ to districts that in the 1994-95 state fiscal
23 year had a foundation allowance greater than \$6,500.00 shall be
24 calculated under this section.

25 (2) The per pupil allocation to each district under this
26 section shall be the difference between the basic foundation
27 allowance for the 1998-99 state fiscal year and ~~\$7,108.00~~ **\$7,204.00**



1 less \$223.00 minus the dollar amount of the adjustment from the
2 1998-99 state fiscal year to ~~2006-2007~~**2007-2008** in the district's
3 foundation allowance.

4 (3) If a district's local revenue per pupil does not exceed
5 the sum of its foundation allowance under section 20 plus the per
6 pupil allocation under subsection (2), the total payment to the
7 district calculated under this section shall be the product of the
8 per pupil allocation under subsection (2) multiplied by the
9 district's membership excluding special education pupils. If a
10 district's local revenue per pupil exceeds the foundation allowance
11 under section 20 but does not exceed the sum of the foundation
12 allowance under section 20 plus the per pupil allocation under
13 subsection (2), the total payment to the district calculated under
14 this section shall be the product of the difference between the sum
15 of the foundation allowance under section 20 plus the per pupil
16 allocation under subsection (2) minus the local revenue per pupil
17 multiplied by the district's membership excluding special education
18 pupils. If a district's local revenue per pupil exceeds the sum of
19 the foundation allowance under section 20 plus the per pupil
20 allocation under subsection (2), there is no payment calculated
21 under this section for the district.

22 (4) Payments to districts shall not be made under this
23 section. Rather, the calculations under this section shall be made
24 and used to determine the amount of state payments under section
25 22b.

26 Sec. 22a. (1) From the appropriation in section 11, there is
27 allocated an amount not to exceed \$5,951,000,000.00 for 2007-2008



1 **AND AN AMOUNT NOT TO EXCEED \$6,092,000,000.00 FOR 2008-2009** for
2 payments to districts, qualifying university schools, and
3 qualifying public school academies to guarantee each district,
4 qualifying university school, and qualifying public school academy
5 an amount equal to its 1994-95 total state and local per pupil
6 revenue for school operating purposes under section 11 of article
7 IX of the state constitution of 1963. Pursuant to section 11 of
8 article IX of the state constitution of 1963, this guarantee does
9 not apply to a district in a year in which the district levies a
10 millage rate for school district operating purposes less than it
11 levied in 1994. However, subsection (2) applies to calculating the
12 payments under this section. Funds allocated under this section
13 that are not expended in the state fiscal year for which they were
14 allocated, as determined by the department, may be used to
15 supplement the allocations under sections 22b and 51c in order to
16 fully fund those calculated allocations for the same fiscal year.

17 (2) To ensure that a district receives an amount equal to the
18 district's 1994-95 total state and local per pupil revenue for
19 school operating purposes, there is allocated to each district a
20 state portion of the district's 1994-95 foundation allowance in an
21 amount calculated as follows:

22 (a) Except as otherwise provided in this subsection, the state
23 portion of a district's 1994-95 foundation allowance is an amount
24 equal to the district's 1994-95 foundation allowance or \$6,500.00,
25 whichever is less, minus the difference between the **SUM OF THE**
26 product of the taxable value per membership pupil of all property
27 in the district that is ~~not a homestead or qualified agricultural~~



1 ~~NONEXEMPT~~ property times the lesser of ~~18 mills or the number of~~
 2 ~~mills of school operating taxes levied by the district in 1993-94~~
 3 **DISTRICT'S CERTIFIED MILLS AND, FOR A DISTRICT WITH CERTIFIED MILLS**
 4 **EXCEEDING 12, THE PRODUCT OF THE TAXABLE VALUE PER MEMBERSHIP PUPIL**
 5 **OF PROPERTY IN THE DISTRICT THAT IS COMMERCIAL PERSONAL PROPERTY**
 6 **TIMES THE CERTIFIED MILLS MINUS 12 MILLS** and the quotient of the ad
 7 valorem property tax revenue of the district captured under ~~1975 PA~~
 8 ~~197, MCL 125.1651 to 125.1681, the tax increment finance authority~~
 9 ~~act, 1980 PA 450, MCL 125.1801 to 125.1830, the local development~~
 10 ~~financing act, 1986 PA 281, MCL 125.2151 to 125.2174, the~~
 11 ~~brownfield redevelopment financing act, 1996 PA 381, MCL 125.2651~~
 12 ~~to 125.2672, or the corridor improvement authority act, 2005 PA~~
 13 ~~280, MCL 125.2871 to 125.2899, TAX INCREMENT FINANCING ACTS~~ divided
 14 by the district's membership. For a district that has a millage
 15 reduction required under section 31 of article IX of the state
 16 constitution of 1963, the state portion of the district's
 17 foundation allowance shall be calculated as if that reduction did
 18 not occur.

19 (b) For a district that had a 1994-95 foundation allowance
 20 greater than \$6,500.00, the state payment under this subsection
 21 shall be the sum of the amount calculated under subdivision (a)
 22 plus the amount calculated under this subdivision. The amount
 23 calculated under this subdivision shall be equal to the difference
 24 between the district's 1994-95 foundation allowance minus \$6,500.00
 25 and the current year hold harmless school operating taxes per
 26 pupil. If the result of the calculation under subdivision (a) is
 27 negative, the negative amount shall be an offset against any state



1 payment calculated under this subdivision. If the result of a
 2 calculation under this subdivision is negative, there shall not be
 3 a state payment or a deduction under this subdivision. The taxable
 4 values per membership pupil used in the calculations under this
 5 subdivision are as adjusted by ad valorem property tax revenue
 6 captured under ~~1975 PA 197, MCL 125.1651 to 125.1681, the tax~~
 7 ~~increment finance authority act, 1980 PA 450, MCL 125.1801 to~~
 8 ~~125.1830, the local development financing act, 1986 PA 281, MCL~~
 9 ~~125.2151 to 125.2174, the brownfield redevelopment financing act,~~
 10 ~~1996 PA 381, MCL 125.2651 to 125.2672, or the corridor improvement~~
 11 ~~authority act, 2005 PA 280, MCL 125.2871 to 125.2899, TAX INCREMENT~~
 12 **FINANCING ACTS** divided by the district's membership.

13 (3) Beginning in 2003-2004, for pupils in membership in a
 14 qualifying public school academy or qualifying university school,
 15 there is allocated under this section to the authorizing body that
 16 is the fiscal agent for the qualifying public school academy for
 17 forwarding to the qualifying public school academy, or to the board
 18 of the public university operating the qualifying university
 19 school, an amount equal to the 1994-95 per pupil payment to the
 20 qualifying public school academy or qualifying university school
 21 under section 20.

22 (4) A district, qualifying university school, or qualifying
 23 public school academy may use funds allocated under this section in
 24 conjunction with any federal funds for which the district,
 25 qualifying university school, or qualifying public school academy
 26 otherwise would be eligible.

27 (5) For a district that is formed or reconfigured after June



1 1, 2000 by consolidation of 2 or more districts or by annexation,
2 the resulting district's 1994-95 foundation allowance under this
3 section beginning after the effective date of the consolidation or
4 annexation shall be the average of the 1994-95 foundation
5 allowances of each of the original or affected districts,
6 calculated as provided in this section, weighted as to the
7 percentage of pupils in total membership in the resulting district
8 in the state fiscal year in which the consolidation takes place who
9 reside in the geographic area of each of the original districts. If
10 an affected district's 1994-95 foundation allowance is less than
11 the 1994-95 basic foundation allowance, the amount of that
12 district's 1994-95 foundation allowance shall be considered for the
13 purpose of calculations under this subsection to be equal to the
14 amount of the 1994-95 basic foundation allowance.

15 (6) As used in this section:

16 (a) "1994-95 foundation allowance" means a district's 1994-95
17 foundation allowance calculated and certified by the department of
18 treasury or the superintendent under former section 20a as enacted
19 in 1993 PA 336 and as amended by 1994 PA 283.

20 **(B) "CERTIFIED MILLS" MEANS THE LESSER OF 18 MILLS OR THE**
21 **NUMBER OF MILLS OF SCHOOL OPERATING TAXES LEVIED BY THE DISTRICT IN**
22 **1993-94.**

23 (C) ~~(b)~~ "Current state fiscal year" means the state fiscal
24 year for which a particular calculation is made.

25 (D) ~~(e)~~ "Current year hold harmless school operating taxes per
26 pupil" means the per pupil revenue generated by multiplying a
27 district's 1994-95 hold harmless millage by the district's current



1 year taxable value per membership pupil.

2 **(E)** ~~(d)~~-"Hold harmless millage" means, for a district with a
 3 1994-95 foundation allowance greater than \$6,500.00, the number of
 4 mills by which the exemption from the levy of school operating
 5 taxes on a homestead, ~~and~~ qualified agricultural property,
 6 **QUALIFIED FOREST PROPERTY, INDUSTRIAL PERSONAL PROPERTY, AND**
 7 **COMMERCIAL PERSONAL PROPERTY** could be reduced as provided in
 8 section ~~1211(1)~~-**1211** of the revised school code, MCL 380.1211, and
 9 the number of mills of school operating taxes that could be levied
 10 on all property as provided in section 1211(2) of the revised
 11 school code, MCL 380.1211, as certified by the department of
 12 treasury for the 1994 tax year.

13 **(F)** ~~(e)~~-"Homestead" means that term as defined in section 1211
 14 of the revised school code, MCL 380.1211.

15 **(G)** ~~(f)~~-"Membership" means the definition of that term under
 16 section 6 as in effect for the particular fiscal year for which a
 17 particular calculation is made.

18 **(H) "NONEXEMPT PROPERTY" MEANS PROPERTY THAT IS NOT A**
 19 **PRINCIPAL RESIDENCE, QUALIFIED AGRICULTURAL PROPERTY, QUALIFIED**
 20 **FOREST PROPERTY, INDUSTRIAL PERSONAL PROPERTY, OR COMMERCIAL**
 21 **PERSONAL PROPERTY.**

22 **(I)** ~~(g)~~-"Qualified agricultural property" means that term as
 23 defined in section 1211 of the revised school code, MCL 380.1211.

24 **(J)** ~~(h)~~-"Qualifying public school academy" means a public
 25 school academy that was in operation in the 1994-95 school year and
 26 is in operation in the current state fiscal year.

27 **(K)** ~~(i)~~-"Qualifying university school" means a university



1 school that was in operation in the 1994-95 school year and is in
2 operation in the current fiscal year.

3 (I) ~~(j)~~—"School operating taxes" means local ad valorem
4 property taxes levied under section 1211 of the revised school
5 code, MCL 380.1211, and retained for school operating purposes.

6 (M) "TAX INCREMENT FINANCING ACTS" MEANS 1975 PA 197, MCL
7 125.1651 TO 125.1681, THE TAX INCREMENT FINANCE AUTHORITY ACT, 1980
8 PA 450, MCL 125.1801 TO 125.1830, THE LOCAL DEVELOPMENT FINANCING
9 ACT, 1986 PA 281, MCL 125.2151 TO 125.2174, THE BROWNFIELD
10 REDEVELOPMENT FINANCING ACT, 1996 PA 381, MCL 125.2651 TO 125.2672,
11 OR THE CORRIDOR IMPROVEMENT AUTHORITY ACT, 2005 PA 280, MCL
12 125.2871 TO 125.2899.

13 (N) ~~(k)~~—"Taxable value per membership pupil" means each of the
14 following divided by the district's membership:

15 (i) For the number of mills by which the exemption from the
16 levy of school operating taxes on a homestead, ~~and~~ qualified
17 agricultural property, **QUALIFIED FOREST PROPERTY, INDUSTRIAL**
18 **PERSONAL PROPERTY, AND COMMERCIAL PERSONAL PROPERTY** may be reduced
19 as provided in section ~~1211(1)~~ 1211 of the revised school code, MCL
20 380.1211, the taxable value of homestead, ~~and~~ qualified
21 agricultural property, **QUALIFIED FOREST PROPERTY, INDUSTRIAL**
22 **PERSONAL PROPERTY, AND COMMERCIAL PERSONAL PROPERTY** for the
23 calendar year ending in the current state fiscal year.

24 (ii) For the number of mills of school operating taxes that may
25 be levied on all property as provided in section 1211(2) of the
26 revised school code, MCL 380.1211, the taxable value of all
27 property for the calendar year ending in the current state fiscal



1 year.

2 Sec. 22b. (1) From the appropriation in section 11, there is
3 allocated an amount not to exceed \$3,683,275,000.00 for 2007-2008
4 **AND AN AMOUNT NOT TO EXCEED \$3,796,750,000.00 FOR 2008-2009** for
5 discretionary nonmandated payments to districts under this section.
6 Funds allocated under this section that are not expended in the
7 state fiscal year for which they were allocated, as determined by
8 the department, may be used to supplement the allocations under
9 sections 22a and 51c in order to fully fund those calculated
10 allocations for the same fiscal year.

11 (2) Subject to subsection (3) and section 11, the allocation
12 to a district under this section shall be an amount equal to the
13 sum of the amounts calculated under sections 20, 20j, 51a(2),
14 51a(3), and 51a(12), minus the sum of the allocations to the
15 district under sections 22a and 51c.

16 (3) In order to receive an allocation under this section, each
17 district shall do all of the following:

18 (a) Administer in each grade level that it operates in grades
19 1 to 5 a standardized assessment approved by the department of
20 grade-appropriate basic educational skills. A district may use the
21 Michigan literacy progress profile to satisfy this requirement for
22 grades 1 to 3. Also, if the revised school code is amended to
23 require annual assessments at additional grade levels, in order to
24 receive an allocation under this section each district shall comply
25 with that requirement.

26 (b) Comply with sections 1278a and 1278b of the revised school
27 code, MCL 380.1278a and 380.1278b.



1 (c) Furnish data and other information required by state and
2 federal law to the center and the department in the form and manner
3 specified by the center or the department, as applicable.

4 (d) Comply with section 1230g of the revised school code, MCL
5 380.1230g.

6 (4) Districts are encouraged to use funds allocated under this
7 section for the purchase and support of payroll, human resources,
8 and other business function software that is compatible with that
9 of the intermediate district in which the district is located and
10 with other districts located within that intermediate district.

11 (5) From the allocation in subsection (1), the department
12 shall pay up to \$1,000,000.00 in litigation costs incurred by this
13 state associated with lawsuits filed by 1 or more districts or
14 intermediate districts against this state. If the allocation under
15 this section is insufficient to fully fund all payments required
16 under this section, the payments under this subsection shall be
17 made in full before any proration of remaining payments under this
18 section.

19 (6) It is the intent of the legislature that all
20 constitutional obligations of this state have been fully funded
21 under sections 22a, 31d, 51a, and 51c. If a claim is made by an
22 entity receiving funds under this act that challenges the
23 legislative determination of the adequacy of this funding or
24 alleges that there exists an unfunded constitutional requirement,
25 the state budget director may escrow or allocate from the
26 discretionary funds for nonmandated payments under this section the
27 amount as may be necessary to satisfy the claim before making any



1 payments to districts under subsection (2). If funds are escrowed,
2 the escrowed funds are a work project appropriation and the funds
3 are carried forward into the following fiscal year. The purpose of
4 the work project is to provide for any payments that may be awarded
5 to districts as a result of litigation. The work project shall be
6 completed upon resolution of the litigation.

7 (7) If the local claims review board or a court of competent
8 jurisdiction makes a final determination that this state is in
9 violation of section 29 of article IX of the state constitution of
10 1963 regarding state payments to districts, the state budget
11 director shall use work project funds under subsection (6) or
12 allocate from the discretionary funds for nonmandated payments
13 under this section the amount as may be necessary to satisfy the
14 amount owed to districts before making any payments to districts
15 under subsection (2).

16 (8) If a claim is made in court that challenges the
17 legislative determination of the adequacy of funding for this
18 state's constitutional obligations or alleges that there exists an
19 unfunded constitutional requirement, any interested party may seek
20 an expedited review of the claim by the local claims review board.
21 If the claim exceeds \$10,000,000.00, this state may remove the
22 action to the court of appeals, and the court of appeals shall have
23 and shall exercise jurisdiction over the claim.

24 (9) If payments resulting from a final determination by the
25 local claims review board or a court of competent jurisdiction that
26 there has been a violation of section 29 of article IX of the state
27 constitution of 1963 exceed the amount allocated for discretionary



1 nonmandated payments under this section, the legislature shall
2 provide for adequate funding for this state's constitutional
3 obligations at its next legislative session.

4 (10) If a lawsuit challenging payments made to districts
5 related to costs reimbursed by federal title XIX medicaid funds is
6 filed against this state, then, for the purpose of addressing
7 potential liability under such a lawsuit, the state budget director
8 may place funds allocated under this section in escrow or allocate
9 money from the funds otherwise allocated under this section, up to
10 a maximum of 50% of the amount allocated in subsection (1). If
11 funds are placed in escrow under this subsection, those funds are a
12 work project appropriation and the funds are carried forward into
13 the following fiscal year. The purpose of the work project is to
14 provide for any payments that may be awarded to districts as a
15 result of the litigation. The work project shall be completed upon
16 resolution of the litigation. In addition, this state reserves the
17 right to terminate future federal title XIX medicaid reimbursement
18 payments to districts if the amount or allocation of reimbursed
19 funds is challenged in the lawsuit. As used in this subsection,
20 "title XIX" means title XIX of the social security act, 42 USC 1396
21 to 1396v.

22 ~~—— (11) From the allocation in subsection (1), there is allocated~~
23 ~~for 2007-2008 only an amount not to exceed \$40,000.00 for payment~~
24 ~~to a district that meets all of the following:~~

25 ~~—— (a) Had a membership of less than 900 pupils for 2006-2007.~~

26 ~~—— (b) Is located in an intermediate district that had a taxable~~
27 ~~value per membership pupil, as defined in section 22a, of greater~~



1 ~~than \$290,000.00 for 2006-2007.~~

2 ~~—— (c) The school electors of the district voted in the~~
 3 ~~affirmative on May 8, 2007 to restore a millage reduction required~~
 4 ~~under section 31 of article IX of the state constitution of 1963,~~
 5 ~~but the district was later found to have an incorrect millage~~
 6 ~~reduction fraction as defined in section 34d of the general~~
 7 ~~property tax act, 1893 PA 206, MCL 211.34d.~~

8 Sec. 22d. (1) From the ~~amount allocated under section 22b~~
 9 **APPROPRIATION IN SECTION 11**, an amount not to exceed \$2,025,000.00
 10 is allocated for ~~2007-2008-2008-2009~~ for additional payments to
 11 small, geographically isolated districts under this section.

12 (2) From the allocation under subsection (1), there is
 13 allocated for ~~2007-2008-2008-2009~~ an amount not to exceed
 14 \$750,000.00 for payments under this subsection to districts that
 15 meet all of the following:

16 (a) Operates grades K to 12.

17 (b) Has fewer than 250 pupils in membership.

18 (c) Each school building operated by the district meets at
 19 least 1 of the following:

20 (i) Is located in the Upper Peninsula at least 30 miles from
 21 any other public school building.

22 (ii) Is located on an island that is not accessible by bridge.

23 (3) The amount of the additional funding to each eligible
 24 district under subsection (2) shall be determined under a spending
 25 plan developed as provided in this subsection and approved by the
 26 superintendent of public instruction. The spending plan shall be
 27 developed cooperatively by the intermediate superintendents of each



1 intermediate district in which an eligible district is located. The
2 intermediate superintendents shall review the financial situation
3 of each eligible district, determine the minimum essential
4 financial needs of each eligible district, and develop and agree on
5 a spending plan that distributes the available funding under
6 subsection (2) to the eligible districts based on those financial
7 needs. The intermediate superintendents shall submit the spending
8 plan to the superintendent of public instruction for approval. Upon
9 approval by the superintendent of public instruction, the amounts
10 specified for each eligible district under the spending plan are
11 allocated under subsection (2) and shall be paid to the eligible
12 districts in the same manner as payments under section 22b.

13 (4) Subject to subsection (6), from the allocation in
14 subsection (1), there is allocated for ~~2007-2008~~**2008-2009** an
15 amount not to exceed \$1,275,000.00 for payments under this
16 subsection to districts that meet all of the following:

17 (a) The district has 5.0 or fewer pupils per square mile as
18 determined by the department.

19 (b) The district has a total square mileage greater than 200.0
20 or is 1 of 2 districts that have consolidated transportation
21 services and have a combined total square mileage greater than
22 200.0.

23 (5) The funds allocated under subsection (4) shall be
24 allocated on an equal per pupil basis.

25 (6) A district receiving funds allocated under subsection (2)
26 is not eligible for funding allocated under subsection (4).

27 **SEC. 22E. (1) BEGINNING IN 2008-2009, AN AMOUNT WILL BE**



1 ALLOCATED EACH FISCAL YEAR FROM THE APPROPRIATION IN SECTION 11 FOR
2 ADDITIONAL PAYMENTS UNDER THIS SECTION TO DISTRICTS THAT MEET THE
3 ELIGIBILITY REQUIREMENTS UNDER SUBSECTION (2). FOR 2008-2009, THERE
4 IS ALLOCATED FOR THIS PURPOSE FROM THE APPROPRIATION IN SECTION 11
5 AN AMOUNT NOT TO EXCEED \$1,300,000.00.

6 (2) TO BE ELIGIBLE FOR A PAYMENT UNDER THIS SECTION, A
7 DISTRICT MUST BE DETERMINED BY THE DEPARTMENT AND THE DEPARTMENT OF
8 TREASURY TO MEET ALL OF THE FOLLOWING:

9 (A) THE DISTRICT LEVIES 1 OF THE FOLLOWING OPERATING MILLAGE
10 AMOUNTS:

11 (i) ALL OF THE OPERATING MILLAGE IT IS AUTHORIZED TO LEVY UNDER
12 SECTION 1211 OF THE REVISED SCHOOL CODE, MCL 380.1211.

13 (ii) THE AMOUNT OF OPERATING MILLAGE IS AUTHORIZED TO LEVY
14 AFTER A VOLUNTARY REDUCTION OF ITS OPERATING MILLAGE RATE ADOPTED
15 BY THE BOARD OF THE DISTRICT.

16 (iii) THE AMOUNT OF OPERATING MILLAGE IT IS AUTHORIZED TO LEVY
17 AFTER A MILLAGE REDUCTION REQUIRED UNDER THE LIMITATION OF SECTION
18 31 OF ARTICLE IX OF THE STATE CONSTITUTION OF 1963, IF A BALLOT
19 QUESTION ASKING FOR APPROVAL TO LEVY MILLAGE IN EXCESS OF THE
20 LIMITATION HAS BEEN REJECTED IN THE DISTRICT.

21 (B) THE DISTRICT RECEIVES A REDUCED AMOUNT OF LOCAL SCHOOL
22 OPERATING REVENUE UNDER SECTION 1211 OF THE REVISED SCHOOL CODE,
23 MCL 380.1211, AS A RESULT OF THE EXEMPTIONS OF INDUSTRIAL PERSONAL
24 PROPERTY AND COMMERCIAL PERSONAL PROPERTY THAT WERE ENACTED IN 2007
25 PA 37.

26 (C) THE DISTRICT DOES NOT RECEIVE ANY STATE PORTION OF ITS
27 FOUNDATION ALLOWANCE, AS CALCULATED UNDER SECTION 20(4).



(3) THE AMOUNT OF THE ADDITIONAL FUNDING TO EACH ELIGIBLE DISTRICT UNDER THIS SECTION IS THE SUM OF THE FOLLOWING AND SHALL BE PAID TO THE ELIGIBLE DISTRICTS IN THE SAME MANNER AS PAYMENTS UNDER SECTION 22B:

(A) THE PRODUCT OF THE TAXABLE VALUE OF THE DISTRICT'S INDUSTRIAL PERSONAL PROPERTY FOR THE CALENDAR YEAR ENDING IN THE FISCAL YEAR MULTIPLIED BY THE TOTAL NUMBER OF MILLS THE DISTRICT LEVIES ON NONEXEMPT PROPERTY UNDER SECTION 1211 OF THE REVISED SCHOOL CODE, MCL 380.1211, FOR THAT CALENDAR YEAR.

(B) THE PRODUCT OF THE TAXABLE VALUE OF THE DISTRICT'S COMMERCIAL PERSONAL PROPERTY FOR THE CALENDAR YEAR ENDING IN THE FISCAL YEAR MULTIPLIED BY THE LESSER OF 12 MILLS OR THE TOTAL NUMBER OF MILLS THE DISTRICT LEVIES ON NONEXEMPT PROPERTY UNDER SECTION 1211 OF THE REVISED SCHOOL CODE, MCL 380.1211, FOR THAT CALENDAR YEAR

Sec. 24. (1) From the appropriation in section 11, there is allocated for ~~2007-2008-2008-2009~~ an amount not to exceed \$8,000,000.00 for payments to the educating district or intermediate district for educating pupils assigned by a court or the department of human services to reside in or to attend a juvenile detention facility or child caring institution licensed by the department of human services and approved by the department to provide an on-grounds education program. The amount of the payment under this section to a district or intermediate district shall be calculated as prescribed under subsection (2).

(2) ~~For 2007-2008, 90% of the total amount allocated under this section shall be allocated by paying to the educating district~~



~~or intermediate district an amount equal to the lesser of the district's or intermediate district's added cost or the department's approved per pupil allocation for the district or intermediate district, and 10% of the total amount allocated under this section shall be allocated by paying to the educating district or intermediate district an amount equal to the district's or intermediate district's added cost. Beginning with allocations for 2008-2009, 100% of the~~ **THE** total amount allocated under this section shall be allocated by paying to the educating district or intermediate district an amount equal to the lesser of the district's or intermediate district's added cost or the department's approved per pupil allocation for the district or intermediate district. For the purposes of this subsection:

(a) "Added cost" means 100% of the added cost each fiscal year for educating all pupils assigned by a court or the department of human services to reside in or to attend a juvenile detention facility or child caring institution licensed by the department of human services or the department of labor and economic growth and approved by the department to provide an on-grounds education program. Added cost shall be computed by deducting all other revenue received under this act for pupils described in this section from total costs, as approved by the department, in whole or in part, for educating those pupils in the on-grounds education program or in a program approved by the department that is located on property adjacent to a juvenile detention facility or child caring institution. Costs reimbursed by federal funds are not included.

1 (b) "Department's approved per pupil allocation" for a
2 district or intermediate district shall be determined by dividing
3 the total amount allocated under this section for a fiscal year by
4 the full-time equated membership total for all pupils approved by
5 the department to be funded under this section for that fiscal year
6 for the district or intermediate district.

7 (3) A district or intermediate district educating pupils
8 described in this section at a residential child caring institution
9 may operate, and receive funding under this section for, a
10 department-approved on-grounds educational program for those pupils
11 that is longer than 181 days, but not longer than 233 days, if the
12 child caring institution was licensed as a child caring institution
13 and offered in 1991-92 an on-grounds educational program that was
14 longer than 181 days but not longer than 233 days and that was
15 operated by a district or intermediate district.

16 (4) Special education pupils funded under section 53a shall
17 not be funded under this section.

18 Sec. 24a. From the appropriation in section 11, there is
19 allocated an amount not to exceed ~~\$3,103,400.00~~ **\$2,828,500.00** for
20 ~~2007-2008-2008-2009~~ for payments to intermediate districts for
21 pupils who are placed in juvenile justice service facilities
22 operated by the department of human services. Each intermediate
23 district shall receive an amount equal to the state share of those
24 costs that are clearly and directly attributable to the educational
25 programs for pupils placed in facilities described in this section
26 that are located within the intermediate district's boundaries. The
27 intermediate districts receiving payments under this section shall



1 cooperate with the department of human services to ensure that all
2 funding allocated under this section is utilized by the
3 intermediate district and department of human services for
4 educational programs for pupils described in this section. Pupils
5 described in this section are not eligible to be funded under
6 section 24. However, a program responsibility or other fiscal
7 responsibility associated with these pupils shall not be
8 transferred from the department of human services to a district or
9 intermediate district unless the district or intermediate district
10 consents to the transfer.

11 Sec. 24c. From the appropriation in section 11, there is
12 allocated an amount not to exceed ~~\$1,283,900.00~~ **\$1,284,600.00** for
13 ~~2007-2008-2008-2009~~ for payments to districts for pupils who are
14 enrolled in a nationally administered community-based education and
15 youth mentoring program, known as the youth challenge program, that
16 is located within the district and is administered by the
17 department of military and veterans affairs. A district receiving
18 payments under this section shall contract with the department of
19 military and veterans affairs to ensure that all funding allocated
20 under this section is utilized by the district and the department
21 of military and veterans affairs for the youth challenge program.

22 Sec. 25b. (1) ~~Beginning in 2000-2001, this~~ **THIS** section
23 applies to an educating district's enrollment of a pupil if the
24 educating district is not a school district of the first class
25 ~~under the revised school code~~ and if all of the following apply:

26 (a) The pupil transfers from 1 of 3 other districts specified
27 by the educating district and enrolls in the educating district



1 after the pupil membership count day.

2 (b) Due to the pupil's enrollment status as of the pupil
3 membership count day, the pupil was counted in membership in the
4 district from which he or she transfers.

5 (c) The pupil was a resident of the educating district on the
6 pupil membership count day or met other eligibility criteria under
7 section 6(4) or (6) to be counted in membership in the educating
8 district if the pupil had been enrolled in the educating district
9 on the pupil membership count day.

10 (d) The total number of pupils enrolled in the district who
11 are described in subdivisions (a), (b), and (c) and who transfer
12 from 1 of the 3 other districts specified by the educating district
13 is at least equal to the greater of 25 or 1% of the educating
14 district's membership.

15 (2) If the conditions specified in subsection (1) are met, and
16 a pupil transfers from 1 of the 3 other specified districts
17 described in subsection (1)(d) and enrolls during a school year in
18 the educating district, the educating district shall report the
19 enrollment information to the department and to the district in
20 which the pupil is counted in membership, and the district in which
21 the pupil is counted in membership shall pay to the educating
22 district an amount equal to the amount of the foundation allowance
23 or per pupil payment as calculated under section 20 for the
24 district in which the pupil is counted in membership, prorated
25 according to the number of days of the school year ending in the
26 fiscal year the pupil is educated in the educating district
27 compared to the number of days of the school year ending in the



1 fiscal year the pupil was actually enrolled in the district in
2 which the pupil is counted in membership. The foundation allowance
3 or per pupil payment shall be adjusted by the pupil's full-time
4 equated status as affected by the membership definition under
5 section 6(4). If a district does not make the payment required
6 under this section within 30 days after receipt of the report, the
7 department shall calculate the amount owed, shall deduct that
8 amount from the remaining state school aid payments to the district
9 for that fiscal year under this act, and shall pay that amount to
10 the educating district. The district in which the pupil is counted
11 in membership and the educating district shall provide to the
12 department all information the department requires to enforce this
13 section.

14 (3) In determining the total amount a district owes to the
15 educating district under this section, regardless of whether that
16 district is otherwise eligible for payment from the educating
17 district under this section, the district may calculate and
18 subtract from the amount owed, using the calculation described in
19 subsection (1), any amount applicable to pupils who transfer to
20 that district from the educating district and meet the requirements
21 of subsection (1)(a) to (c).

22 (4) As used in this section, "educating district" means the
23 district in which a pupil enrolls after the pupil membership count
24 day as described in subsection (1).

25 Sec. 25c. (1) ~~Beginning in 2000-2001, this~~ **THIS** section
26 applies to an educating district's enrollment of a pupil if the
27 educating district is a school district of the first class ~~under~~



1 ~~the revised school code~~ and if all of the following apply:

2 (a) The pupil transfers from another district and enrolls in
3 the educating district after the pupil membership count day.

4 (b) Due to the pupil's enrollment status as of the pupil
5 membership count day, the pupil was counted in membership in the
6 district from which he or she transfers.

7 (c) The pupil was a resident of the educating district on the
8 pupil membership count day or met other eligibility criteria under
9 section 6(4) or (6) to be counted in membership in the educating
10 district if the pupil had been enrolled in the educating district
11 on the pupil membership count day.

12 (d) The total number of pupils enrolled in the district who
13 are described in subdivisions (a), (b), and (c) is at least equal
14 to 25.

15 (2) If the conditions specified in subsection (1) are met, and
16 a pupil transfers from another district and enrolls during a school
17 year in the educating district, **THEN NOT LATER THAN DECEMBER 31 OF**
18 **THE NEXT FISCAL YEAR BEGINNING AFTER THE SCHOOL YEAR THE PUPIL**
19 **TRANSFERRED** the educating district shall report the enrollment
20 information to the department and to the district in which the
21 pupil is counted in membership, and **NOT LATER THAN OCTOBER 31 OF**
22 **THE SECOND FISCAL YEAR BEGINNING AFTER THE SCHOOL YEAR THE PUPIL**
23 **TRANSFERRED** the district in which the pupil is counted in
24 membership shall pay to the educating district an amount equal to
25 the amount of the foundation allowance or per pupil payment as
26 calculated under section 20 for the district in which the pupil is
27 counted in membership, prorated according to the number of days of



1 the school year ending in the fiscal year the pupil is educated in
2 the educating district compared to the number of days of the school
3 year ending in the fiscal year the pupil was actually enrolled in
4 the district in which the pupil is counted in membership. The
5 foundation allowance or per pupil payment shall be adjusted by the
6 pupil's full-time equated status as affected by the membership
7 definition under section 6(4). If a district does not make the
8 payment required under this section, ~~within 30 days after receipt~~
9 ~~of the report,~~ the department shall calculate the amount owed,
10 shall deduct that amount from the remaining state school aid
11 payments to the district for that fiscal year under this act, and
12 shall pay that amount to the educating district. The district in
13 which the pupil is counted in membership and the educating district
14 shall provide to the department all information the department
15 requires to enforce this section.

16 (3) In determining the total amount a district owes to the
17 educating district under this section, regardless of whether that
18 district is otherwise eligible for payment from the educating
19 district under this section, the district may calculate and
20 subtract from the amount owed, using the calculation described in
21 subsection (1), any amount applicable to pupils who transfer to
22 that district from the educating district and meet the requirements
23 of subsection (1)(a) to (c). **IF, AFTER CALCULATING AND SUBTRACTING**
24 **FROM THE AMOUNT OWED BY A DISTRICT TO THE EDUCATING DISTRICT UNDER**
25 **THIS SECTION ANY AMOUNT APPLICABLE TO PUPILS WHO TRANSFER TO THAT**
26 **DISTRICT FROM THE EDUCATING DISTRICT AND MEET THE REQUIREMENTS OF**
27 **SUBSECTION (1)(A) TO (C), IT IS DETERMINED THAT THE EDUCATING**



1 DISTRICT OWES FUNDS TO THE DISTRICT, THE EDUCATING DISTRICT SHALL
2 PAY THOSE FUNDS TO THE DISTRICT IN THE SAME MANNER AS PROVIDED
3 UNDER SUBSECTION (2).

4 (4) As used in this section, "educating district" means the
5 district in which a pupil enrolls after the pupil membership count
6 day as described in subsection (1).

7 Sec. 26a. From the state school aid fund appropriation in
8 section 11, there is allocated an amount not to exceed
9 ~~\$36,000,000.00~~ **\$41,400,000.00** for ~~2007-2008~~ **2008-2009**, and from the
10 general fund appropriation in section 11, there is allocated an
11 amount not to exceed ~~\$14,000,000.00~~ **\$16,100,000.00** for ~~2007-2008~~
12 **2008-2009** to reimburse districts, intermediate districts, and the
13 state school aid fund pursuant to section 12 of the Michigan
14 renaissance zone act, 1996 PA 376, MCL 125.2692, for taxes levied
15 in ~~2007-2008~~. The allocations shall be made not later than 60 days
16 after the department of treasury certifies to the department and to
17 the state budget director that the department of treasury has
18 received all necessary information to properly determine the
19 amounts due to each eligible recipient.

20 Sec. 26b. (1) From the appropriation in section 11, there is
21 allocated for ~~2007-2008~~ **2008-2009** an amount not to exceed
22 \$3,400,000.00 for payments to districts, intermediate districts,
23 and community college districts for the portion of the payment in
24 lieu of taxes obligation that is attributable to districts,
25 intermediate districts, and community college districts pursuant to
26 section 2154 of the natural resources and environmental protection
27 act, 1994 PA 451, MCL 324.2154.



(2) If the amount appropriated under this section is not sufficient to fully pay obligations under this section, payments shall be prorated on an equal basis among all eligible districts, intermediate districts, and community college districts.

Sec. 29. (1) From the appropriation in section 11, there is allocated an amount not to exceed \$20,000,000.00 **EACH FISCAL YEAR** for 2007-2008 **AND FOR 2008-2009** for additional payments to eligible districts for declining enrollment assistance.

(2) A district is eligible for a payment under this section if all of the following apply:

(a) The district's pupil membership for the current fiscal year is less than the district's pupil membership for the immediately preceding fiscal year and the district's pupil membership for the immediately preceding fiscal year is less than the district's pupil membership for the previously preceding fiscal year as calculated under section 6 for that fiscal year.

(b) The district's average pupil membership is greater than the district's pupil membership for the current fiscal year as calculated under section 6.

(c) The district is not eligible to receive funding under ~~sections~~ **SECTION 6(4)(y) or 22d-22D(2)**.

(3) Payments to each eligible district shall be equal to the difference between the district's average pupil membership and the district's pupil membership as calculated under section 6 for the current fiscal year multiplied by the district's foundation allowance as calculated under section 20. If the total amount of the payments calculated under this subsection exceeds the



1 allocation for this section, the payment to each district shall be
2 prorated on an equal percentage basis.

3 (4) For the purposes of this section, "average pupil
4 membership" means the average of the district's membership for the
5 3-fiscal-year period ending with the current fiscal year,
6 calculated by adding the district's actual membership for each of
7 those 3 fiscal years, as otherwise calculated under section 6, and
8 dividing the sum of those 3 membership figures by 3.

9 Sec. 31a. (1) From the state school aid fund money
10 appropriated in section 11, there is allocated for ~~2007-2008-2008-~~
11 ~~2009~~ an amount not to exceed ~~\$319,350,000.00~~ **\$320,350,000.00** for
12 payments to eligible districts and eligible public school academies
13 under this section. Subject to subsection (14), the amount of the
14 additional allowance under this section, other than funding under
15 subsection (6) or (7), shall be based on the number of actual
16 pupils in membership in the district or public school academy who
17 met the income eligibility criteria for free breakfast, lunch, or
18 milk in the immediately preceding state fiscal year, as determined
19 under the Richard B. Russell national school lunch act, 42 USC 1751
20 to 1769i, and reported to the department by October 31 of the
21 immediately preceding fiscal year and adjusted not later than
22 December 31 of the immediately preceding fiscal year. However, for
23 a public school academy that began operations as a public school
24 academy after the pupil membership count day of the immediately
25 preceding school year, the basis for the additional allowance under
26 this section shall be the number of actual pupils in membership in
27 the public school academy who met the income eligibility criteria



1 for free breakfast, lunch, or milk in the current state fiscal
2 year, as determined under the Richard B. Russell national school
3 lunch act.

4 (2) To be eligible to receive funding under this section,
5 other than funding under subsection (6) or (7), a district or
6 public school academy that has not been previously determined to be
7 eligible shall apply to the department, in a form and manner
8 prescribed by the department, and a district or public school
9 academy must meet all of the following:

10 (a) The sum of the district's or public school academy's
11 combined state and local revenue per membership pupil in the
12 current state fiscal year, as calculated under section 20, plus the
13 amount of the district's per pupil allocation under section 20j(2),
14 is less than or equal to the basic foundation allowance under
15 section 20 for the current state fiscal year.

16 (b) The district or public school academy agrees to use the
17 funding only for purposes allowed under this section and to comply
18 with the program and accountability requirements under this
19 section.

20 (3) Except as otherwise provided in this subsection, an
21 eligible district or eligible public school academy shall receive
22 under this section for each membership pupil in the district or
23 public school academy who met the income eligibility criteria for
24 free breakfast, lunch, or milk, as determined under the Richard B.
25 Russell national school lunch act and as reported to the department
26 by October 31 of the immediately preceding fiscal year and adjusted
27 not later than December 31 of the immediately preceding fiscal



1 year, an amount per pupil equal to 11.5% of the sum of the
2 district's foundation allowance or public school academy's per
3 pupil amount calculated under section 20, plus the amount of the
4 district's per pupil allocation under section 20j(2), not to exceed
5 the basic foundation allowance under section 20 for the current
6 state fiscal year, or of the public school academy's per membership
7 pupil amount calculated under section 20 for the current state
8 fiscal year. A public school academy that began operations as a
9 public school academy after the pupil membership count day of the
10 immediately preceding school year shall receive under this section
11 for each membership pupil in the public school academy who met the
12 income eligibility criteria for free breakfast, lunch, or milk, as
13 determined under the Richard B. Russell national school lunch act
14 and as reported to the department by October 31 of the current
15 fiscal year and adjusted not later than December 31 of the current
16 fiscal year, an amount per pupil equal to 11.5% of the public
17 school academy's per membership pupil amount calculated under
18 section 20 for the current state fiscal year.

19 (4) Except as otherwise provided in this section, a district
20 or public school academy receiving funding under this section shall
21 use that money only to provide instructional programs and direct
22 noninstructional services, including, but not limited to, medical
23 or counseling services, for at-risk pupils; for school health
24 clinics; and for the purposes of subsection (5), (6), or (7). In
25 addition, a district that is ~~organized as a school district of the~~
26 ~~first class under the revised school code~~ or a district or public
27 school academy in which at least 50% of the pupils in membership

1 met the income eligibility criteria for free breakfast, lunch, or
2 milk in the immediately preceding state fiscal year, as determined
3 and reported as described in subsection (1), may use not more than
4 15% of the funds it receives under this section for school
5 security. A district or public school academy shall not use any of
6 that money for administrative costs or to supplant another program
7 or other funds, except for funds allocated to the district or
8 public school academy under this section in the immediately
9 preceding year and already being used by the district or public
10 school academy for at-risk pupils. The instruction or direct
11 noninstructional services provided under this section may be
12 conducted before or after regular school hours or by adding extra
13 school days to the school year and may include, but are not limited
14 to, tutorial services, early childhood programs to serve children
15 age 0 to 5, and reading programs as described in former section 32f
16 as in effect for 2001-2002. A tutorial method may be conducted with
17 paraprofessionals working under the supervision of a certificated
18 teacher. The ratio of pupils to paraprofessionals shall be between
19 10:1 and 15:1. Only 1 certificated teacher is required to supervise
20 instruction using a tutorial method. As used in this subsection,
21 "to supplant another program" means to take the place of a
22 previously existing instructional program or direct
23 noninstructional services funded from a funding source other than
24 funding under this section.

25 (5) Except as otherwise provided in subsection (12), a
26 district or public school academy that receives funds under this
27 section and that operates a school breakfast program under section

1 1272a of the revised school code, MCL 380.1272a, shall use from the
2 funds received under this section an amount, not to exceed \$10.00
3 per pupil for whom the district or public school academy receives
4 funds under this section, necessary to ~~operate~~ **PAY FOR COSTS**

5 **ASSOCIATED WITH THE OPERATION OF** the school breakfast program.

6 (6) From the funds allocated under subsection (1), there is
7 allocated for ~~2007-2008-2008-2009~~ an amount not to exceed
8 ~~\$3,743,000.00~~ **\$4,743,000.00** to support child and adolescent health
9 centers. These grants shall be awarded for 5 consecutive years
10 beginning with 2003-2004 in a form and manner approved jointly by
11 the department and the department of community health. Each grant
12 recipient shall remain in compliance with the terms of the grant
13 award or shall forfeit the grant award for the duration of the 5-
14 year period after the noncompliance. Beginning in 2004-2005, to
15 continue to receive funding for a child and adolescent health
16 center under this section a grant recipient shall ensure that the
17 child and adolescent health center has an advisory committee and
18 that at least one-third of the members of the advisory committee
19 are parents or legal guardians of school-aged children. A child and
20 adolescent health center program shall recognize the role of a
21 child's parents or legal guardian in the physical and emotional
22 well-being of the child. Funding under this subsection shall be
23 used to support child and adolescent health center services
24 provided to children up to age 21. If any funds allocated under
25 this subsection are not used for the purposes of this subsection
26 for the fiscal year in which they are allocated, those unused funds
27 shall be used that fiscal year to avoid or minimize any proration



1 that would otherwise be required under subsection (14) for that
2 fiscal year.

3 (7) From the funds allocated under subsection (1), there is
4 allocated for ~~2007-2008~~ **2008-2009** an amount not to exceed
5 \$5,150,000.00 for the state portion of the hearing and vision
6 screenings as described in section 9301 of the public health code,
7 1978 PA 368, MCL 333.9301. A local public health department shall
8 pay at least 50% of the total cost of the screenings. The frequency
9 of the screenings shall be as required under R 325.13091 to R
10 325.13096 and R 325.3271 to R 325.3276 of the Michigan
11 administrative code. Funds shall be awarded in a form and manner
12 approved jointly by the department and the department of community
13 health. Notwithstanding section 17b, payments to eligible entities
14 under this subsection shall be paid on a schedule determined by the
15 department.

16 (8) Each district or public school academy receiving funds
17 under this section shall submit to the department by July 15 of
18 each fiscal year a report, not to exceed 10 pages, on the usage by
19 the district or public school academy of funds under this section,
20 which report shall include at least a brief description of each
21 program conducted by the district or public school academy using
22 funds under this section, the amount of funds under this section
23 allocated to each of those programs, the number of at-risk pupils
24 eligible for free or reduced price school lunch who were served by
25 each of those programs, and the total number of at-risk pupils
26 served by each of those programs. If a district or public school
27 academy does not comply with this subsection, the department shall



1 withhold an amount equal to the August payment due under this
2 section until the district or public school academy complies with
3 this subsection. If the district or public school academy does not
4 comply with this subsection by the end of the state fiscal year,
5 the withheld funds shall be forfeited to the school aid fund.

6 (9) In order to receive funds under this section, a district
7 or public school academy shall allow access for the department or
8 the department's designee to audit all records related to the
9 program for which it receives those funds. The district or public
10 school academy shall reimburse the state for all disallowances
11 found in the audit.

12 (10) Subject to subsections (5), (6), (7), (12), and (13), any
13 district may use up to 100% of the funds it receives under this
14 section to reduce the ratio of pupils to teachers in grades K-6, or
15 any combination of those grades, in school buildings in which the
16 percentage of pupils described in subsection (1) exceeds the
17 district's aggregate percentage of those pupils. Subject to
18 subsections (5), (6), (7), (12), and (13), if a district obtains a
19 waiver from the department, the district may use up to 100% of the
20 funds it receives under this section to reduce the ratio of pupils
21 to teachers in grades K-6, or any combination of those grades, in
22 school buildings in which the percentage of pupils described in
23 subsection (1) is at least 60% of the district's aggregate
24 percentage of those pupils and at least 30% of the total number of
25 pupils enrolled in the school building. To obtain a waiver, a
26 district must apply to the department and demonstrate to the
27 satisfaction of the department that the class size reductions would

1 be in the best interests of the district's at-risk pupils.

2 (11) A district or public school academy may use funds
3 received under this section for adult high school completion,
4 general educational development (G.E.D.) test preparation, adult
5 English as a second language, or adult basic education programs
6 described in section 107.

7 (12) For an individual school or schools operated by a
8 district or public school academy receiving funds under this
9 section that have been determined by the department to meet the
10 adequate yearly progress standards of the federal no child left
11 behind act of 2001, Public Law 107-110, in both mathematics and
12 English language arts at all applicable grade levels for all
13 applicable subgroups, the district or public school academy may
14 submit to the department an application for flexibility in using
15 the funds received under this section that are attributable to the
16 pupils in the school or schools. The application shall identify the
17 affected school or schools and the affected funds and shall contain
18 a plan for using the funds for specific purposes identified by the
19 district that are designed to benefit at-risk pupils in the school,
20 but that may be different from the purposes otherwise allowable
21 under this section. The department shall approve the application if
22 the department determines that the purposes identified in the plan
23 are reasonably designed to benefit at-risk pupils in the school. If
24 the department does not act to approve or disapprove an application
25 within 30 days after it is submitted to the department, the
26 application is considered to be approved. If an application for
27 flexibility in using the funds is approved, the district may use



1 the funds identified in the application for any purpose identified
2 in the plan.

3 (13) A district or public school academy that receives funds
4 under this section may use funds it receives under this section to
5 implement and operate an early intervening program for pupils in
6 grades K to 3 that meets either or both of the following:

7 (a) Monitors individual pupil learning and provides specific
8 support or learning strategies to pupils as early as possible in
9 order to reduce the need for special education placement. The
10 program shall include literacy and numeracy supports, sensory motor
11 skill development, behavior supports, instructional consultation
12 for teachers, and the development of a parent/school learning plan.
13 Specific support or learning strategies may include support in or
14 out of the general classroom in areas including reading, writing,
15 math, visual memory, motor skill development, behavior, or language
16 development. These would be provided based on an understanding of
17 the individual child's learning needs.

18 (b) Provides early intervening strategies using school-wide
19 systems of academic and behavioral supports and is scientifically
20 research-based. The strategies to be provided shall include at
21 least pupil performance indicators based upon response to
22 intervention, instructional consultation for teachers, and ongoing
23 progress monitoring. A school-wide system of academic and
24 behavioral support should be based on a support team available to
25 the classroom teachers. The members of this team could include the
26 principal, special education staff, reading teachers, and other
27 appropriate personnel who would be available to systematically

1 study the needs of the individual child and work with the teacher
2 to match instruction to the needs of the individual child.

3 (14) If necessary, and before any proration required under
4 section 11, the department shall prorate payments under this
5 section by reducing the amount of the per pupil payment under this
6 section by a dollar amount calculated by determining the amount by
7 which the amount necessary to fully fund the requirements of this
8 section exceeds the maximum amount allocated under this section and
9 then dividing that amount by the total statewide number of pupils
10 who met the income eligibility criteria for free breakfast, lunch,
11 or milk in the immediately preceding fiscal year, as described in
12 subsection (1).

13 (15) If a district is formed by consolidation after June 1,
14 1995, and if 1 or more of the original districts was not eligible
15 before the consolidation for an additional allowance under this
16 section, the amount of the additional allowance under this section
17 for the consolidated district shall be based on the number of
18 pupils described in subsection (1) enrolled in the consolidated
19 district who reside in the territory of an original district that
20 was eligible before the consolidation for an additional allowance
21 under this section.

22 (16) A district or public school academy that does not meet
23 the eligibility requirement under subsection (2)(a) is eligible for
24 funding under this section if at least 1/4 of the pupils in
25 membership in the district or public school academy met the income
26 eligibility criteria for free breakfast, lunch, or milk in the
27 immediately preceding state fiscal year, as determined and reported

1 as described in subsection (1), and at least 4,500 of the pupils in
2 membership in the district or public school academy met the income
3 eligibility criteria for free breakfast, lunch, or milk in the
4 immediately preceding state fiscal year, as determined and reported
5 as described in subsection (1). A district or public school academy
6 that is eligible for funding under this section because the
7 district meets the requirements of this subsection shall receive
8 under this section for each membership pupil in the district or
9 public school academy who met the income eligibility criteria for
10 free breakfast, lunch, or milk in the immediately preceding fiscal
11 year, as determined and reported as described in subsection (1), an
12 amount per pupil equal to 11.5% of the sum of the district's
13 foundation allowance or public school academy's per pupil
14 allocation under section 20, plus the amount of the district's per
15 pupil allocation under section 20j(2), not to exceed the basic
16 foundation allowance under section 20 for the current state fiscal
17 year.

18 **(17) A DISTRICT THAT DOES NOT MEET THE ELIGIBILITY REQUIREMENT**
19 **UNDER SUBSECTION (2)(A) IS ELIGIBLE FOR FUNDING UNDER THIS SECTION**
20 **IF AT LEAST 75% OF THE PUPILS IN MEMBERSHIP IN THE DISTRICT MET THE**
21 **INCOME ELIGIBILITY CRITERIA FOR FREE BREAKFAST, LUNCH, OR MILK IN**
22 **THE IMMEDIATELY PRECEDING STATE FISCAL YEAR, AS DETERMINED AND**
23 **REPORTED AS DESCRIBED IN SUBSECTION (1), THE DISTRICT RECEIVES AN**
24 **ADJUSTMENT UNDER SECTION 20(19), AND THE DISTRICT DOES NOT RECEIVE**
25 **ANY STATE PORTION OF ITS FOUNDATION ALLOWANCE AS CALCULATED UNDER**
26 **SECTION 20. A DISTRICT THAT IS ELIGIBLE FOR FUNDING UNDER THIS**
27 **SECTION BECAUSE THE DISTRICT MEETS THE REQUIREMENTS OF THIS**

1 SUBSECTION SHALL RECEIVE UNDER THIS SECTION FOR EACH MEMBERSHIP
2 PUPIL IN THE DISTRICT WHO MET THE INCOME ELIGIBILITY CRITERIA FOR
3 FREE BREAKFAST, LUNCH, OR MILK IN THE IMMEDIATELY PRECEDING FISCAL
4 YEAR, AS DETERMINED AND REPORTED AS DESCRIBED IN SUBSECTION (1), AN
5 AMOUNT PER PUPIL EQUAL TO 11.5% OF THE SUM OF THE DISTRICT'S
6 FOUNDATION ALLOWANCE UNDER SECTION 20, NOT TO EXCEED THE BASIC
7 FOUNDATION ALLOWANCE UNDER SECTION 20 FOR THE CURRENT STATE FISCAL
8 YEAR.

9 (18) ~~(17)~~—As used in this section, "at-risk pupil" means a
10 pupil for whom the district has documentation that the pupil meets
11 at least 2 of the following criteria: is a victim of child abuse or
12 neglect; is below grade level in English language and communication
13 skills or mathematics; is a pregnant teenager or teenage parent; is
14 eligible for a federal free or reduced-price lunch subsidy; has
15 atypical behavior or attendance patterns; or has a family history
16 of school failure, incarceration, or substance abuse. For pupils
17 for whom the results of at least the applicable Michigan education
18 assessment program (MEAP) test have been received, at-risk pupil
19 also includes a pupil who does not meet the other criteria under
20 this subsection but who did not achieve at least a score of level 2
21 on the most recent MEAP English language arts, mathematics, or
22 science test for which results for the pupil have been received.
23 For pupils for whom the results of the Michigan merit examination
24 have been received, at-risk pupil also includes a pupil who does
25 not meet the other criteria under this subsection but who did not
26 achieve proficiency on the reading component of the most recent
27 Michigan merit examination for which results for the pupil have

1 been received, did not achieve proficiency on the mathematics
2 component of the most recent Michigan merit examination for which
3 results for the pupil have been received, or did not achieve basic
4 competency on the science component of the most recent Michigan
5 merit examination for which results for the pupil have been
6 received. For pupils in grades K-3, at-risk pupil also includes a
7 pupil who is at risk of not meeting the district's core academic
8 curricular objectives in English language arts or mathematics.

9 Sec. 31d. (1) From the appropriations in section 11, there is
10 allocated an amount not to exceed \$22,495,100.00 for ~~2007-2008~~
11 **2008-2009** for the purpose of making payments to districts and other
12 eligible entities under this section.

13 (2) The amounts allocated from state sources under this
14 section shall be used to pay the amount necessary to reimburse
15 districts for 6.0127% of the necessary costs of the state mandated
16 portion of the school lunch programs provided by those districts.
17 The amount due to each district under this section shall be
18 computed by the department using the methods of calculation adopted
19 by the Michigan supreme court in the consolidated cases known as
20 Durant v State of Michigan, Michigan supreme court docket no.
21 104458-104492.

22 (3) The payments made under this section include all state
23 payments made to districts so that each district receives at least
24 6.0127% of the necessary costs of operating the state mandated
25 portion of the school lunch program in a fiscal year.

26 (4) The payments made under this section to districts and
27 other eligible entities that are not required under section 1272a



1 of the revised school code, MCL 380.1272a, to provide a school
2 lunch program shall be in an amount not to exceed \$10.00 per
3 eligible pupil plus 5 cents for each free lunch and 2 cents for
4 each reduced price lunch provided, as determined by the department.

5 (5) From the federal funds appropriated in section 11, there
6 is allocated for ~~2007-2008~~**2008-2009** all available federal funding,
7 estimated at \$330,000,000.00, for the national school lunch program
8 and all available federal funding, estimated at \$2,506,000.00, for
9 the emergency food assistance program.

10 (6) Notwithstanding section 17b, payments to eligible entities
11 other than districts under this section shall be paid on a schedule
12 determined by the department.

13 Sec. 31f. (1) From the appropriations in section 11, there is
14 allocated an amount not to exceed \$9,625,000.00 for ~~2007-2008~~**2008-**
15 **2009** for the purpose of making payments to districts to reimburse
16 for the cost of providing breakfast.

17 (2) The funds allocated under this section for school
18 breakfast programs shall be made available to all eligible
19 applicant districts that meet all of the following criteria:

20 (a) The district participates in the federal school breakfast
21 program and meets all standards as prescribed by 7 CFR parts 220
22 and 245.

23 (b) Each breakfast eligible for payment meets the federal
24 standards described in subdivision (a).

25 (3) The payment for a district under this section is at a per
26 meal rate equal to the lesser of the district's actual cost or 100%
27 of the **STATEWIDE AVERAGE** cost of a breakfast served, ~~by an~~



1 ~~efficiently operated breakfast program~~ as determined **AND APPROVED**
 2 by the department, less federal reimbursement, participant
 3 payments, and other state reimbursement. ~~Determination of efficient~~
 4 ~~cost by the department shall be determined by using a statistical~~
 5 ~~sampling of statewide and regional cost~~ **THE STATEWIDE AVERAGE COST**
 6 **SHALL BE DETERMINED BY THE DEPARTMENT USING COSTS** as reported in a
 7 manner approved by the department for the preceding school year.

8 **(4) NOTWITHSTANDING SECTION 17B, PAYMENTS UNDER THIS SECTION**
 9 **MAY BE MADE PURSUANT TO AN AGREEMENT WITH THE DEPARTMENT.**

10 Sec. 32b. (1) From the funds appropriated under section 11,
 11 there is allocated an amount not to exceed ~~\$1,750,000.00~~
 12 **\$6,750,000.00** for ~~2007-2008-2008-2009~~ for competitive grants to
 13 intermediate districts for the creation and continuance of great
 14 start communities or other community purposes as identified by the
 15 early childhood investment corporation. These dollars may not be
 16 expended until both of the following conditions have been met:

17 (a) The early childhood investment corporation has identified
 18 matching dollars of at least an ~~equal amount~~ **EQUAL TO THE AMOUNT OF**
 19 **THE MATCHING DOLLARS FOR 2006-2007.**

20 (b) The ~~membership of the executive committee includes 1~~
 21 ~~member appointed by the senate majority leader, 1 member appointed~~
 22 ~~by the senate minority leader, 1 member appointed by the speaker of~~
 23 ~~the house of representatives, and 1 member appointed by the~~
 24 ~~minority leader of the house of representatives. Not later than 60~~
 25 ~~days after the convening of each legislative session in each odd~~
 26 ~~numbered year, each legislative leader shall appoint a member of~~
 27 ~~the executive committee.~~ **SHALL CONSIST OF 4 MEMBERS APPOINTED BY**



1 THE GOVERNOR. THE GOVERNOR SHALL APPOINT 1 MEMBER FROM AMONG
2 NOMINEES SUBMITTED BY THE SENATE MAJORITY LEADER, 1 MEMBER FROM
3 AMONG NOMINEES SUBMITTED BY THE SENATE MINORITY LEADER, 1 MEMBER
4 FROM AMONG NOMINEES SUBMITTED BY THE SPEAKER OF THE HOUSE OF
5 REPRESENTATIVES, AND 1 MEMBER FROM AMONG NOMINEES SUBMITTED BY THE
6 MINORITY LEADER OF THE HOUSE OR REPRESENTATIVES. THE GOVERNOR SHALL
7 APPOINT THESE MEMBERS NOT LATER THAN 60 DAYS AFTER THE CONVENING OF
8 THE LEGISLATIVE SESSION IN EACH ODD-NUMBERED YEAR. A member
9 ~~appointed in this manner shall continue to~~ **SHALL** serve on the
10 executive committee through ~~the next~~ **THAT** regular legislative
11 session unless he or she voluntarily resigns or is otherwise unable
12 to serve. When a vacancy occurs as a result of a voluntary
13 resignation or inability to serve, the ~~legislative leader who had~~
14 ~~appointed the member~~ **GOVERNOR** shall make an appointment to fill
15 that vacancy **IN THE SAME MANNER AS THE ORIGINAL APPOINTMENT** not
16 later than 60 days after the date the vacancy occurs.

17 (2) The early childhood investment corporation shall award
18 grants to eligible intermediate districts in an amount to be
19 determined by the corporation.

20 (3) In order to receive funding, each intermediate district
21 applicant shall agree to convene local great start collaboratives
22 to address the availability of the 6 components of a great start
23 system in its communities: physical health, social-emotional
24 health, family supports, basic needs, economic stability and
25 safety, and parenting education and early education and care, to
26 ensure that every child in the community is ready for kindergarten.
27 Specifically, each grant will fund the following:



1 (a) ~~A~~**THE COMPLETION OF A** community needs assessment and
2 strategic plan for the ~~development~~**CREATION** of a comprehensive
3 system of early childhood services and supports, accessible to all
4 children from birth to kindergarten and their families.

5 (b) Identification of local resources and services for
6 children with disabilities, developmental delays, or special needs
7 and their families.

8 (c) Coordination and expansion of high-quality early childhood
9 and childcare programs.

10 (d) Evaluation of local programs.

11 (4) ~~Not later than December 1, 2007 for the 2006-2007 fiscal~~
12 ~~year grants under this section, and not later than December 1 ,~~
13 ~~2008 for the 2007-2008 grants under this section~~**OF EACH FISCAL**
14 **YEAR, FOR THE GRANTS AWARDED UNDER THIS SECTION FOR THE IMMEDIATELY**
15 **PRECEDING FISCAL YEAR**, the department shall provide to the house
16 and senate appropriations subcommittees on state school aid, the
17 state budget director, and the house and senate fiscal agencies a
18 report detailing the ~~amounts of grants~~**AMOUNT OF EACH GRANT** awarded
19 under this section, the grant recipients, the activities funded by
20 each grant under this section, and an analysis of each grant
21 recipient's success in addressing the development of a
22 comprehensive system of early childhood services and supports.

23 (5) **AN INTERMEDIATE DISTRICT RECEIVING FUNDS UNDER THIS**
24 **SECTION MAY CARRY OVER ANY UNEXPENDED FUNDS RECEIVED UNDER THIS**
25 **SECTION INTO THE NEXT FISCAL YEAR AND MAY EXPEND THOSE UNUSED FUNDS**
26 **IN THE NEXT FISCAL YEAR. A RECIPIENT OF A GRANT SHALL RETURN ANY**
27 **UNEXPENDED GRANT FUNDS TO THE DEPARTMENT IN THE MANNER PRESCRIBED**



1 BY THE DEPARTMENT NOT LATER THAN SEPTEMBER 30 OF THE NEXT FISCAL
2 YEAR AFTER THE FISCAL YEAR IN WHICH THE FUNDS ARE RECEIVED.

3 (6) ~~(5)~~ Notwithstanding section 17b, payments under this
4 section may be made pursuant to an agreement with the department.

5 Sec. 32c. (1) From the general fund appropriation in section
6 11, there is allocated an amount not to exceed \$2,125,000.00 for
7 ~~2007-2008-2008-2009~~ to the department for grants for community-
8 based collaborative prevention services designed to foster positive
9 parenting skills; improve parent/child interaction, especially for
10 children 0-3 years of age; promote access to needed community
11 services; increase local capacity to serve families at risk;
12 improve school readiness; and support healthy family environments
13 that discourage alcohol, tobacco, and other drug use. The
14 allocation under this section is to fund secondary prevention
15 programs as defined by the children's trust fund for the prevention
16 of child abuse and neglect.

17 (2) The funds allocated under subsection (1) shall be
18 distributed through a joint request for proposals process
19 established by the department in conjunction with the children's
20 trust fund and the interagency director's workgroup. Projects
21 funded with grants awarded under this section shall meet all of the
22 following:

23 (a) Be secondary prevention initiatives and voluntary to
24 consumers. This appropriation is not intended to serve the needs of
25 children for whom and families in which neglect or abuse has been
26 substantiated.

27 (b) Demonstrate that the planned services are part of a



community's integrated comprehensive family support strategy endorsed by the community collaborative **AND, WHERE THERE IS A GREAT START COLLABORATIVE, DEMONSTRATE THAT THE PLANNED SERVICES ARE PART OF THE COMMUNITY'S GREAT START STRATEGIC PLAN.**

(c) Provide a 25% local match, of which not more than 10% may be in-kind services, unless this requirement is waived by the interagency director's workgroup.

(3) Notwithstanding section 17b, payments under this section may be made pursuant to an agreement with the department.

(4) Not later than January 30 of the next fiscal year, the department shall prepare and submit to the governor and the legislature an annual report of outcomes achieved by the providers of the community-based collaborative prevention services funded under this section for a fiscal year.

Sec. 32d. (1) From the state school aid fund money appropriated under section 11, there is allocated an amount not to exceed ~~\$80,900,000.00~~ **\$88,100,000.00** for ~~2007-2008~~ **2008-2009** for ~~school~~ **GREAT START** readiness or preschool and parenting program grants to enable eligible districts, as determined under section 37, to develop or expand, in conjunction with whatever federal funds may be available **TO THE DISTRICT AND ITS COMMUNITY,** including, but not limited to, federal funds under title I of the elementary and secondary education act of 1965, 20 USC 6301 to 6578, chapter 1 of title I of the Hawkins-Stafford elementary and secondary school improvement amendments of 1988, Public Law 100-297, and the head start act, 42 USC 9831 to 9852, **PART-DAY OR FULL-DAY** comprehensive compensatory programs designed to do 1 or both of

1 the following:

2 (a) Improve the readiness and subsequent achievement of
3 educationally disadvantaged children as defined by the department
4 who will be at least 4, but less than 5 years of age, as of
5 December 1 of the school year in which the programs are offered,
6 and who show evidence of 2 or more risk factors as defined in the
7 state board report entitled "children at risk" that was adopted by
8 the state board on April 5, 1988. **TO THE EXTENT ALLOWABLE UNDER**
9 **FEDERAL LAW, A DISTRICT SHALL NOT USE FUNDS RECEIVED UNDER THIS**
10 **SECTION TO SUPPLANT ANY FEDERAL FUNDS RECEIVED BY THE DISTRICT OR**
11 **ITS COMMUNITY. FOR THE PURPOSES OF THIS SECTION, "SUPPLANT" MEANS**
12 **TO SERVE CHILDREN ELIGIBLE FOR A FEDERALLY FUNDED EXISTING**
13 **PRESCHOOL PROGRAM THAT HAS CAPACITY TO SERVE THOSE CHILDREN.**

14 (b) Provide preschool and parenting education programs similar
15 to those under former section 32b as in effect for 2001-2002.
16 Beginning in 2007-2008, funds spent by a district for programs
17 described in this subdivision shall not exceed the lesser of the
18 amount spent by the district under this subdivision for 2006-2007
19 or the amount spent under this subdivision in any subsequent fiscal
20 year.

21 (2) A comprehensive free compensatory program funded under
22 this section shall include an age-appropriate educational
23 curriculum, as described in the early childhood standards of
24 quality for prekindergarten children adopted by the state board,
25 that prepares children for success in school, including language,
26 early literacy, and early mathematics. In addition, the
27 comprehensive program shall include nutritional services, health

1 **AND DEVELOPMENTAL** screening **AS DESCRIBED IN THE EARLY CHILDHOOD**
 2 **STANDARDS OF QUALITY FOR PREKINDERGARTEN** for participating
 3 children, a plan for parent and legal guardian involvement, and
 4 provision of referral services for families eligible for community
 5 social services.

6 (3) In addition to the allocation under subsection (1), from
 7 the general fund money appropriated under section 11, there is
 8 allocated an amount not to exceed \$279,100.00 for ~~2007-2008~~ **2008-**
 9 **2009** for a competitive grant to continue a longitudinal evaluation
 10 of children who have participated in the ~~Michigan school~~ **GREAT**
 11 **START** readiness program.

12 (4) A district receiving a grant under this section may
 13 contract with for-profit or nonprofit preschool center providers
 14 that meet all provisions of the early childhood standards of
 15 quality for prekindergarten children adopted by the state board for
 16 the provision of the comprehensive compensatory program and retain
 17 for administrative services an amount equal to not more than 5% of
 18 the grant amount. A district may expend not more than 10% of the
 19 total grant amount for administration of the program.

20 (5) A ~~grant recipient~~ **DISTRICT** receiving funds under this
 21 section shall report to the department on the midyear report the
 22 number of children participating in the program who meet the income
 23 or other eligibility criteria specified under section 37(3)(g) and
 24 the total number of children participating in the program. For
 25 children participating in the program who meet the income or other
 26 eligibility criteria specified under section 37(3)(g), ~~grant~~
 27 ~~recipients~~ **DISTRICTS** shall also report whether or not a parent is

1 available to provide care based on employment status. For the
2 purposes of this subsection, "employment status" shall be defined
3 by the department of human services in a manner consistent with
4 maximizing the amount of spending that may be claimed for temporary
5 assistance for needy families maintenance of effort purposes.

6 Sec. 32j. (1) From the appropriations in section 11, there is
7 allocated an amount not to exceed \$5,000,000.00 for ~~2007-2008-2008-~~
8 **2009** for great parents, great start grants to intermediate
9 districts to provide programs for parents with ~~preschool~~-**YOUNG**
10 children. The purpose of these programs is to encourage early
11 mathematics and reading literacy, improve school readiness, reduce
12 the need for special education services, and foster the maintenance
13 of stable families by encouraging positive parenting skills.

14 (2) To qualify for funding under this section, a program shall
15 provide services to all families with children age 5 or younger
16 residing within the intermediate district who choose to
17 participate, including at least all of the following services:

18 (a) Providing parents with information on child development
19 from birth to age 5.

20 (b) Providing parents with methods to enhance parent-child
21 interaction that promote social and emotional development ~~for~~
22 ~~infants and toddlers~~ and age-appropriate language, mathematics, and
23 early reading skills **FOR YOUNG CHILDREN**; including, but not limited
24 to, encouraging parents to read to their preschool children at
25 least 1/2 hour per day.

26 (c) Providing parents with examples of learning opportunities
27 to promote intellectual, physical, and social growth of



1 ~~preschoolers~~ **YOUNG CHILDREN**, including the acquisition of age-
2 appropriate language, mathematics, and early reading skills.

3 (d) Promoting access to needed community services through a
4 community-school-home partnership.

5 (3) To receive a grant under this section, an intermediate
6 district shall submit a plan to the department not later than
7 October ~~1, 2007~~ **15, 2008** in the form and manner prescribed by the
8 department. The plan shall do all of the following in a manner
9 prescribed by the department:

10 (a) Provide a plan for the delivery of the program components
11 described in subsection (2) that **TARGETS RESOURCES BASED ON FAMILY**
12 **NEED AND** provides for educators trained in child development to
13 help parents understand their role in their child's developmental
14 process, thereby promoting school readiness and mitigating the need
15 for special education services.

16 (b) Demonstrate an adequate collaboration of local entities
17 involved in providing programs and services for preschool children
18 and their parents **AND, WHERE THERE IS A GREAT START COLLABORATIVE,**
19 **DEMONSTRATE THAT THE PLANNED SERVICES ARE PART OF THE COMMUNITY'S**
20 **GREAT START STRATEGIC PLAN.**

21 (c) Provide a projected budget for the program to be funded.
22 The intermediate district shall provide at least a 20% local match
23 from local public or private resources for the funds received under
24 this section. Not more than 1/2 of this matching requirement, up to
25 a total of 10% of the total project budget, may be satisfied
26 through in-kind services provided by participating providers of
27 programs or services. In addition, not more than 10% of the grant



1 may be used for program administration.

2 (4) Each intermediate district receiving a grant under this
3 section shall agree to include a data collection system approved by
4 the department. The data collection system shall provide a report
5 by October 15 of each year on the number of children in families
6 with income below 200% of the federal poverty level that received
7 services under this program and the total number of children who
8 received services under this program.

9 (5) The department or superintendent, as applicable, shall do
10 all of the following:

11 (a) The superintendent shall approve or disapprove the plans
12 and notify the intermediate district of that decision not later
13 than November 15, ~~2007-2008~~. The amount allocated to each
14 intermediate district shall be at least an amount equal to 100% of
15 the intermediate district's ~~2006-2007-2007-2008~~ payment under this
16 section.

17 (b) The department shall ensure that all programs funded under
18 this section utilize the most current validated research-based
19 methods and curriculum for providing the program components
20 described in subsection (2).

21 (c) The department shall submit a report to the state budget
22 director and the senate and house fiscal agencies summarizing the
23 data collection reports described in subsection (4) by December 1
24 of each year.

25 (6) An intermediate district receiving funds under this
26 section shall use the funds only for the program funded under this
27 section. An intermediate district receiving funds under this



1 section may carry over any unexpended funds received under this
 2 section into the next fiscal year and may expend those unused funds
 3 in the next fiscal year. A recipient of a grant shall return any
 4 unexpended grant funds to the department in the manner prescribed
 5 by the department not later than September 30 of the next fiscal
 6 year after the fiscal year in which the funds are received.

7 Sec. 32/. (1) From the general fund money appropriated in
 8 section 11, there is allocated for ~~2007-2008~~ **2008-2009** an amount
 9 not to exceed ~~\$12,650,000.00~~ **\$15,150,000.00** for competitive ~~school~~
 10 **GREAT START** readiness program grants for the purposes of preparing
 11 children for success in school, ~~including~~ **THROUGH COMPREHENSIVE**
 12 **PART-DAY OR FULL-DAY PROGRAMS THAT INCLUDE** language, early
 13 literacy, ~~and~~ early mathematics, **NUTRITIONAL SERVICES, AND HEALTH**
 14 **AND DEVELOPMENTAL SCREENING, AS DESCRIBED IN THE EARLY CHILDHOOD**
 15 **STANDARDS OF QUALITY FOR PREKINDERGARTEN FOR PARTICIPATING**
 16 **CHILDREN; A PLAN FOR PARENT AND LEGAL GUARDIAN INVOLVEMENT; AND**
 17 **PROVISION OF REFERRAL SERVICES FOR FAMILIES ELIGIBLE FOR COMMUNITY**
 18 **SOCIAL SERVICES.** These grants shall be made available through a
 19 competitive application process as follows:

20 (a) Any public or private nonprofit legal entity or agency may
 21 apply for a grant under this section. However, a district or
 22 intermediate district may not apply for a grant under this section
 23 unless the district or intermediate district is acting as a ~~fiscal~~
 24 ~~agent for a child caring organization regulated under 1973 PA 116,~~
 25 ~~MCL 722.111 to 722.128~~ **LOCAL GRANTEE FOR THE FEDERAL HEAD START**
 26 **PROGRAM OPERATING UNDER THE HEAD START ACT, 42 USC 9831 TO 9852.**

27 (b) An applicant shall submit an application in the form and



1 manner prescribed by the department.

2 (c) The department shall establish a diverse interagency
3 committee to review the applications. The committee shall be
4 composed of representatives of the department, appropriate
5 community, volunteer, and social service agencies and
6 organizations, and parents.

7 (d) The superintendent shall award the grants and shall give
8 priority for awarding the grants based upon the following criteria:

9 (i) Compliance with the state board-approved early childhood
10 standards of quality for prekindergarten.

11 (ii) Active and continuous involvement of the parents or
12 guardians of the children participating in the program.

13 (iii) Employment of teachers possessing proper training,
14 including a valid Michigan teaching certificate with an early
15 childhood (ZA) endorsement, a valid Michigan teaching certificate
16 with a child development associate credential (CDA), **OR THE**
17 **EQUIVALENT FROM ANOTHER STATE**, or a bachelor's degree in child
18 development with a specialization in preschool teaching. However,
19 both of the following apply to this subparagraph:

20 (A) If an applicant demonstrates to the department that it is
21 unable to fully comply with this subparagraph after making
22 reasonable efforts to comply, the superintendent may still give
23 priority to the applicant if the applicant will employ teachers who
24 have significant but incomplete training in early childhood
25 education or child development if the applicant provides to the
26 department, and the department approves, a plan for each teacher to
27 come into compliance with the standards in this subparagraph. A

1 teacher's compliance plan must be completed within 4 years of the
2 date of employment. Progress toward completion of the compliance
3 plan shall consist of at least 2 courses per calendar year.

4 (B) For a subcontracted program, the department shall consider
5 a teacher with 90 credit hours and at least 4 years' teaching
6 experience in a qualified preschool program to meet the
7 requirements under this subparagraph.

8 (iv) Employment of paraprofessionals possessing proper training
9 in early childhood development, including an associate's degree in
10 early childhood education or child development or the equivalent,
11 or a child development associate (CDA) credential, or the
12 equivalent, as approved by the state board. If an applicant
13 demonstrates to the department that it is unable to fully comply
14 with this subparagraph, after making reasonable efforts to comply,
15 the superintendent of public instruction may still give priority to
16 an applicant if the applicant will employ paraprofessionals who
17 have completed at least 1 course in early childhood education or
18 child development if the applicant provides to the department, and
19 the department approves, a plan for each paraprofessional to come
20 into compliance with the standards in this subparagraph. A
21 paraprofessional's compliance plan must be completed within 2 years
22 of the date of employment. Progress toward completion of the
23 compliance plan shall consist of at least 2 courses or 60 clock
24 hours of training per calendar year.

25 (v) Evidence of collaboration with the community of child
26 development programs, including, but not limited to, ~~Michigan~~
27 ~~school~~ **GREAT START** readiness and head start providers, including



1 documentation of the total number of children in the community who
2 would meet the criteria established in subparagraph (vii), and who
3 are being served by other providers, and the number of children who
4 will remain unserved by other community early childhood programs if
5 this program is funded.

6 (vi) The extent to which these funds will supplement other
7 federal, state, local, or private funds.

8 (vii) The extent to which these funds will be targeted to
9 children who will be at least 4, but less than 5, years of age as
10 of December 1 of the year in which the programs are offered and who
11 show evidence of 2 or more ~~"at-risk"~~ **RISK** factors as defined in the
12 state board report entitled "children at risk" that was adopted by
13 the state board on April 5, 1988.

14 (viii) The program offers **OR CONTRACTS WITH ANOTHER NONPROFIT**
15 **EARLY CHILDHOOD PROGRAM TO PROVIDE** supplementary day care and
16 thereby offers full-day programs as part of its early childhood
17 development program.

18 (ix) The application contains a plan approved by the department
19 to conduct and report annual school readiness program evaluations
20 and continuous improvement plans using criteria approved by the
21 department. At a minimum, the evaluations shall include a self-
22 assessment of program quality and assessment of the gains in
23 educational readiness and progress of the children participating in
24 the program.

25 (e) An application shall demonstrate that the program has
26 established or has joined a multidistrict, multiagency school
27 readiness advisory committee that is involved in the planning and

1 evaluation of the program and that provides for the involvement of
2 parents and appropriate community, volunteer, and social service
3 agencies and organizations. The advisory committee shall include at
4 least 1 parent or guardian of a program participant for every 18
5 children enrolled in the program, with a minimum of 2 parent or
6 guardian representatives. The advisory committee shall do all of
7 the following:

8 (i) Review the mechanisms and criteria used to determine
9 referrals for participation in the ~~school~~**GREAT START** readiness
10 program.

11 (ii) Review the health screening program for all participants.

12 (iii) Review the nutritional services provided to all
13 participants.

14 (iv) Review the mechanisms in place for the referral of
15 families to community social service agencies, as appropriate.

16 (v) Review the collaboration with and the involvement of
17 appropriate community, volunteer, and social service agencies and
18 organizations in addressing all aspects of education disadvantage.

19 (vi) Review, evaluate, and make recommendations for changes in
20 the school readiness program.

21 (vii) Review the agency's participation in a collaborative
22 recruitment and enrollment process with, at a minimum, all other
23 funded preschool programs that may serve children in the same
24 geographic area, including school district part-day programs
25 described under section 32d and head start programs, to assure that
26 each child is enrolled in the program most appropriate to his or
27 her needs and to maximize the use of federal, state, and local

1 funds. The collaborative recruitment and enrollment process should
2 be established to reflect the geographic service areas of the
3 collaborative partners. **AN EFFECTIVE PROCESS INCLUDES OPPORTUNITIES**
4 **FOR FAMILIES TO MEET WITH AND LEARN ABOUT EACH PROGRAM FOR WHICH**
5 **THEIR CHILD IS ELIGIBLE. A CHILD WHO IS INCOME-ELIGIBLE FOR HEAD**
6 **START MUST BE REFERRED TO HEAD START. IF, AFTER REFERRAL TO HEAD**
7 **START, A FAMILY CHOOSES TO ENROLL A HEAD-START-ELIGIBLE CHILD IN**
8 **THE GREAT START READINESS PROGRAM, A WAIVER INDICATING THAT THE**
9 **FAMILY HAS BEEN INFORMED OF THE CHILD'S ELIGIBILITY TO ATTEND HEAD**
10 **START MUST BE COMPLETED BY THE FAMILY IN A FORM AND MANNER**
11 **DETERMINED BY THE DEPARTMENT AND SUBMITTED TO THE GREAT START**
12 **READINESS PROGRAM BEFORE THE CHILD MAY BE ENROLLED IN THE GREAT**
13 **START READINESS PROGRAM. THE GREAT START READINESS PROGRAM SHALL**
14 **RETAIN THE WAIVER IN THE CHILD'S ENROLLMENT FILE.**

15 (2) TO BE ELIGIBLE FOR A GRANT UNDER THIS SECTION, THE AGENCY
16 MUST DEMONSTRATE PARTICIPATION IN A COLLABORATIVE RECRUITMENT AND
17 ENROLLMENT PROCESS WITH ALL OTHER FUNDED PRESCHOOL PROGRAMS SERVING
18 CHILDREN IN THE SAME GEOGRAPHIC AREA TO ASSURE THAT EACH CHILD IS
19 ENROLLED IN THE PROGRAM MOST APPROPRIATE TO HIS OR HER NEEDS.

20 (3) ~~(2)~~ To be eligible for a grant under this section, a
21 program shall demonstrate that more than 50% of the children
22 participating in the program live with families with a household
23 income that is less than or equal to ~~250%~~ 300% of the federal
24 poverty level.

25 (4) ~~(3)~~ The superintendent may award grants under this section
26 at whatever level the superintendent determines appropriate.
27 However, the amount of a grant under this section, when combined



1 with other sources of state revenue for this program, shall not
2 exceed \$3,400.00 per participating child or the cost of the
3 program, whichever is less.

4 (5) ~~(4)~~ For a grant recipient that enrolls pupils in a full-
5 day program funded under this section, each child enrolled in the
6 full-day program shall be counted as 2 children served by the
7 program for purposes of determining the number of children to be
8 served and for determining the amount of the grant award. A grant
9 award shall not be increased solely on the basis of providing a
10 full-day program. As used in this subsection, "full-day program"
11 means a program that operates for at least the same length of day
12 as a district's first grade program for a minimum of 4 days per
13 week, 30 weeks per year. A classroom that offers a full-day program
14 must enroll all children for the full day to be considered a full-
15 day program.

16 (6) ~~(5)~~ Except as otherwise provided in this subsection, an
17 applicant that received a new grant under this section for ~~2006-~~
18 ~~2007-2007-2008~~ shall also receive priority for funding under this
19 section for ~~2007-2008 and 2008-2009~~ **AND 2009-2010**. However, after 3
20 fiscal years of continuous funding, an applicant is required to
21 compete openly with new programs and other programs completing
22 their third year. All grant awards under this section are
23 contingent on the availability of funds and documented evidence of
24 grantee compliance with early childhood standards of quality for
25 prekindergarten, as approved by the state board, and with all
26 operational, fiscal, administrative, and other program
27 requirements.



1 (7) ~~(6)~~ Notwithstanding section 17b, payments to eligible
2 entities under this section shall be paid on a schedule and in a
3 manner determined by the department.

4 Sec. 37. (1) A district is eligible for an allocation under
5 section 32d if the district meets all of the requirements in
6 subsections (2), (3), and (4).

7 (2) The district shall submit a preapplication, in a manner
8 and on forms prescribed by the department, by a date specified by
9 the department in the immediately preceding state fiscal year. The
10 preapplication shall include a comprehensive needs assessment and
11 community collaboration plan that includes, but is not limited to,
12 ~~Michigan school~~ **GREAT START** readiness **PROGRAM** and head start
13 providers, and shall identify all of the following:

14 (a) The estimated total number of children in the community
15 who meet the criteria of section 32d and how that calculation was
16 made.

17 (b) The estimated number of children in the community who meet
18 the criteria of section 32d and are being served by other early
19 childhood development programs operating in the community, and how
20 that calculation was made.

21 (c) The number of children the district will be able to serve
22 who meet the criteria of section 32d including a verification of
23 physical facility and staff resources capacity.

24 (d) The estimated number of children who meet the criteria of
25 section 32d who will remain unserved after the district and
26 community early childhood programs have met their funded
27 enrollments. The school district shall maintain a waiting list of



1 identified unserved eligible children who would be served when
2 openings are available.

3 (3) The district shall submit a final application for
4 approval, in a manner and on forms prescribed by the department, by
5 a date specified by the department. The final application shall
6 indicate all of the following that apply:

7 (a) The district complies with the state board approved early
8 childhood standards of quality for prekindergarten.

9 (b) The district provides for the active and continuous
10 participation of parents or guardians of the children in the
11 program, and describes the district's participation plan as part of
12 the application.

13 (c) The district only employs for this program the following:

14 (i) Teachers possessing proper training. For programs the
15 district manages itself, a valid teaching certificate and an early
16 childhood (ZA) endorsement are required. This provision does not
17 apply to a district that subcontracts with an eligible child
18 development program. In that situation a teacher must have a valid
19 Michigan teaching certificate with an early childhood (ZA)
20 endorsement, a valid Michigan teaching certificate with a child
21 development associate credential, or a bachelor's degree in child
22 development with specialization in preschool teaching. However,
23 both of the following apply to this subparagraph:

24 (A) If a district demonstrates to the department that it is
25 unable to fully comply with this subparagraph after making
26 reasonable efforts to comply, teachers who have significant but
27 incomplete training in early childhood education or child

1 development may be employed by the district if the district
2 provides to the department, and the department approves, a plan for
3 each teacher to come into compliance with the standards in this
4 subparagraph. A teacher's compliance plan must be completed within
5 4 years of the date of employment. Progress toward completion of
6 the compliance plan shall consist of at least 2 courses per
7 calendar year.

8 (B) For a subcontracted program, the department shall consider
9 a teacher with 90 credit hours and at least 4 years' teaching
10 experience in a qualified preschool program to meet the
11 requirements under this subparagraph.

12 (ii) Paraprofessionals possessing proper training in early
13 childhood development, including an associate's degree in early
14 childhood education or child development or the equivalent, or a
15 child development associate (CDA) credential, or the equivalent as
16 approved by the state board. However, if a district demonstrates to
17 the department that it is unable to fully comply with this
18 subparagraph after making reasonable efforts to comply, the
19 district may employ paraprofessionals who have completed at least 1
20 course in early childhood education or child development if the
21 district provides to the department, and the department approves, a
22 plan for each paraprofessional to come into compliance with the
23 standards in this subparagraph. A paraprofessional's compliance
24 plan must be completed within 2 years of the date of employment.
25 Progress toward completion of the compliance plan shall consist of
26 at least 2 courses or 60 clock hours of training per calendar year.

27 (d) The district has submitted for approval a program budget

1 that includes only those costs not reimbursed or reimbursable by
2 federal funding, that are clearly and directly attributable to the
3 ~~early childhood~~ **GREAT START** readiness program, and that would not
4 be incurred if the program were not being offered. If children
5 other than those determined to be educationally disadvantaged
6 participate in the program, state reimbursement under section 32d
7 shall be limited to the portion of approved costs attributable to
8 educationally disadvantaged children.

9 (e) The district has established a, or has joined a
10 multidistrict, multiagency, school readiness advisory committee
11 consisting of, at a minimum, classroom teachers for
12 prekindergarten, kindergarten, and first grade; parents or
13 guardians of program participants; representatives from appropriate
14 community agencies and organizations; the district curriculum
15 director or equivalent administrator; and, if feasible, a school
16 psychologist, school social worker, or school counselor. In
17 addition, there shall be on the committee at least 1 parent or
18 guardian of a program participant for every 18 children enrolled in
19 the program, with a minimum of 2 parent or guardian
20 representatives. The committee shall do all of the following:

21 (i) Ensure the ongoing articulation of the early childhood,
22 kindergarten, and first grade programs offered by the district or
23 districts.

24 (ii) Review the mechanisms and criteria used to determine
25 participation in the early childhood program.

26 (iii) Review the health screening program for all participants.

27 (iv) Review the nutritional services provided to program



1 participants.

2 (v) Review the mechanisms in place for the referral of
3 families to community social service agencies, as appropriate.

4 (vi) Review the collaboration with and the involvement of
5 appropriate community, volunteer, and social service agencies and
6 organizations in addressing all aspects of educational
7 disadvantage. The district must participate in a collaborative
8 recruitment and enrollment process with, at a minimum, all other
9 funded preschool programs that may serve children in the same
10 geographic area, including the competitive programs described under
11 section 32/ and head start programs, to assure that each child is
12 enrolled in the program most appropriate to his or her needs and to
13 maximize the use of federal, state, and local funds. The
14 collaborative recruitment and enrollment process should be
15 established to reflect the geographic service areas of the
16 collaborative partners. **AN EFFECTIVE PROCESS INCLUDES OPPORTUNITIES
17 FOR FAMILIES TO MEET WITH AND LEARN ABOUT EACH PROGRAM FOR WHICH
18 THEIR CHILD IS ELIGIBLE. A CHILD WHO IS INCOME-ELIGIBLE FOR HEAD
19 START MUST BE REFERRED TO HEAD START. IF, AFTER REFERRAL TO HEAD
20 START, A FAMILY CHOOSES TO ENROLL A HEAD-START-ELIGIBLE CHILD IN
21 THE GREAT START READINESS PROGRAM, A WAIVER INDICATING THAT THE
22 FAMILY HAS BEEN INFORMED OF THE CHILD'S ELIGIBILITY TO ATTEND HEAD
23 START MUST BE COMPLETED BY THE FAMILY IN A FORM AND MANNER
24 DETERMINED BY THE DEPARTMENT AND SUBMITTED TO THE GREAT START
25 READINESS PROGRAM BEFORE THE CHILD MAY BE ENROLLED IN THE GREAT
26 START READINESS PROGRAM. THE GREAT START READINESS PROGRAM SHALL
27 RETAIN THE WAIVER IN THE CHILD'S ENROLLMENT FILE.**



(vii) Review, evaluate, and make recommendations to a local school readiness program or programs for changes to the ~~school~~ **GREAT START** readiness program.

(f) The district has submitted for departmental approval a plan to conduct and report annual ~~school~~ **GREAT START** readiness program evaluations and continuous improvement plans using criteria approved by the department. At a minimum, the evaluations shall include a self-assessment of program quality and assessment of the gains in educational readiness and progress of the children participating in the program.

(g) More than 50% of the children participating in the program live with families with a household income that is equal to or less than ~~250%~~ **300%** of the federal poverty level.

(H) THE DISTRICT MUST DEMONSTRATE PARTICIPATION IN A COLLABORATIVE RECRUITMENT AND ENROLLMENT PROCESS WITH ALL OTHER FUNDED PRESCHOOL PROGRAMS SERVING CHILDREN IN THE SAME GEOGRAPHIC AREA TO ASSURE THAT EACH CHILD IS ENROLLED IN THE PROGRAM MOST APPROPRIATE TO HIS OR HER NEEDS.

(4) A consortium of 2 or more districts shall be eligible for an allocation under section 32d if the districts designate a single fiscal agent for the allocation. A district or intermediate district may administer a consortium described in this subsection. A consortium shall submit a single preapplication and application for the children to be served, regardless of the number of districts participating in the consortium. **THE CONSORTIUM MAY DECIDE, WITH APPROVAL OF ALL CONSORTIUM MEMBERS, TO SERVE NUMBERS OF CHILDREN BASED ON THE ALLOCATION TO EACH DISTRICT OR BASED ON**

1 THE ALLOCATION TO THE ENTIRE CONSORTIUM, ALLOWING CHILDREN RESIDING
 2 IN ANY DISTRICT IN THE CONSORTIUM TO BE SERVED BY THE CONSORTIUM AT
 3 ANY LOCATION.

4 (5) With the final application, an applicant district shall
 5 submit to the department a resolution adopted by its board
 6 certifying the number of 4-year-old children who show evidence of
 7 risk factors as described in section 32d who live with families
 8 with a household income that is less than or equal to ~~250%~~ 300% of
 9 the federal poverty level.

10 Sec. 38. The ~~maximum~~ number of prekindergarten children
 11 construed to be in need of special readiness assistance under
 12 section 32d shall be calculated for each district in the following
 13 manner: one-half of the percentage of the district's pupils in
 14 grades 1-5 who are eligible for free lunch, as determined by the
 15 district's October count in the school year 2 years before the
 16 fiscal year for which the calculation is made under the Richard B.
 17 Russell national school lunch act, ~~chapter 281, 60 Stat. 230, 42~~
 18 ~~U.S.C. USC 1751 to 1753, 1755 to 1761, 1762a, 1765 to 1766a, 1769,~~
 19 ~~1769b to 1769e, and 1769f to 1769h~~ 1769I, as reported to the
 20 department not later than December 31 of the fiscal year 2 years
 21 before the fiscal year for which the calculation is made, shall be
 22 multiplied by the average kindergarten enrollment of the district
 23 on the pupil membership count day of the 2 immediately preceding
 24 years.

25 Sec. 39. (1) ~~The tentative~~ BEGINNING IN 2008-2009, THE INITIAL
 26 allocation for each fiscal year to each eligible district under
 27 section 32d shall be determined by multiplying the number of



1 children determined in section 38 or the number of children the
 2 district indicates it will be able to serve under section 37(2)(c),
 3 whichever is less, by \$3,400.00 and shall be distributed among
 4 districts in decreasing order of concentration of eligible children
 5 as determined by section 38. ~~until the money allocated in section~~
 6 ~~32d is distributed.~~ If the number of children a district indicates
 7 it will be able to serve under section 37(2)(c) includes children
 8 able to be served in a full-day program, then the number able to be
 9 served in a full-day program shall be doubled for the purposes of
 10 making this calculation of the lesser of the number of children
 11 determined in section 38 and the number of children the district
 12 indicates it will be able to serve under section 37(2)(c) and
 13 determining the amount of the ~~tentative~~ **INITIAL** allocation to the
 14 district under section 32d. **A DISTRICT MAY CONTRACT WITH A HEAD**
 15 **START AGENCY TO SERVE CHILDREN ENROLLED IN HEAD START WITH A FULL-**
 16 **DAY PROGRAM BY BLENDING HEAD START FUNDS WITH A PART-DAY GREAT**
 17 **START READINESS PROGRAM ALLOCATION. ALL HEAD START AND GREAT START**
 18 **READINESS PROGRAM POLICIES AND REGULATIONS APPLY TO THE BLENDED**
 19 **PROGRAM.**

20 (2) IF FUNDS APPROPRIATED IN SECTION 32D REMAIN AFTER THE
 21 INITIAL ALLOCATION UNDER SUBSECTION (1), THE ALLOCATION UNDER THIS
 22 SUBSECTION SHALL BE DISTRIBUTED TO EACH ELIGIBLE DISTRICT UNDER
 23 SECTION 32D IN DECREASING ORDER OF CONCENTRATION OF ELIGIBLE
 24 CHILDREN AS DETERMINED BY SECTION 38. THE ALLOCATION SHALL BE
 25 DETERMINED BY MULTIPLYING THE NUMBER OF CHILDREN EACH ELIGIBLE
 26 DISTRICT SERVED IN THE IMMEDIATELY PRECEDING FISCAL YEAR OR THE
 27 NUMBER OF CHILDREN THE DISTRICT INDICATES IT WILL BE ABLE TO SERVE



1 UNDER SECTION 37(2)(C), WHICHEVER IS LESS, MINUS THE NUMBER OF
2 CHILDREN FOR WHICH THE DISTRICT RECEIVED FUNDING IN SUBSECTION (1)
3 BY \$3,400.00.

4 (3) IF FUNDS APPROPRIATED IN SECTION 32D REMAIN AFTER THE
5 ALLOCATIONS UNDER SUBSECTIONS (1) AND (2), REMAINING FUNDS SHALL BE
6 DISTRIBUTED TO EACH ELIGIBLE DISTRICT UNDER SECTION 32D IN
7 DECREASING ORDER OF CONCENTRATION OF ELIGIBLE CHILDREN AS
8 DETERMINED BY SECTION 38. IF THE NUMBER OF CHILDREN THE DISTRICT
9 INDICATES IT WILL BE ABLE TO SERVE UNDER SECTION 37(2)(C) EXCEEDS
10 THE NUMBER OF CHILDREN FOR WHICH FUNDS HAVE BEEN RECEIVED UNDER
11 SUBSECTIONS (1) AND (2), THE ALLOCATION UNDER THIS SUBSECTION SHALL
12 BE DETERMINED BY MULTIPLYING THE NUMBER OF CHILDREN THE DISTRICT
13 INDICATES IT WILL BE ABLE TO SERVE UNDER SECTION 37(2)(C) LESS THE
14 NUMBER OF CHILDREN FOR WHICH FUNDS HAVE BEEN RECEIVED UNDER
15 SUBSECTIONS (1) AND (2) BY \$3,400.00 UNTIL THE FUNDS ALLOCATED IN
16 SECTION 32D ARE DISTRIBUTED.

17 (4) IF A DISTRICT IS PARTICIPATING IN A PROGRAM UNDER SECTION
18 32D FOR THE FIRST YEAR, THE MAXIMUM ALLOCATION UNDER THIS SECTION
19 IS 32 MULTIPLIED BY \$3,400.00.

20 (5) ~~(2)~~—A district that received funds under this section in
21 at least 1 of the 2 immediately preceding fiscal years shall
22 receive priority in funding over other eligible districts. However,
23 funding beyond 3 state fiscal years is contingent upon the
24 availability of funds and documented evidence satisfactory to the
25 department of compliance with all operational, fiscal,
26 administrative, and other program requirements.

27 (6) ~~(3)~~—A district that offers supplementary day care funded



1 by funds other than those received under this section and therefore
2 offers full-day programs as part of its early childhood development
3 program shall receive priority in the allocation of funds under
4 this section over other eligible districts other than those
5 districts funded under subsection ~~(2)~~-(5).

6 (7) ~~(4)~~—For any district with 315 or more eligible pupils, the
7 number of eligible pupils shall be 65% of the number calculated
8 under section 38. However, none of these districts may have less
9 than 315 pupils for purposes of calculating the tentative
10 allocation under section 32d.

11 (8) ~~(5)~~—If, taking into account the total amount to be
12 allocated to the district as calculated under this section, a
13 district determines that it is able to include additional eligible
14 children in the ~~school~~—**GREAT START** readiness program without
15 additional funds under this section, the district may include
16 additional eligible children but shall not receive additional
17 funding under this section for those children.

18 (9) ~~(6)~~—For a district that enrolls pupils in a full-day
19 program under section 32d, each child enrolled in the full-day
20 program shall be counted as 2 children served by the program for
21 purposes of determining the number of children to be served and for
22 determining the allocation under section 32d. A district's
23 allocation shall not be increased solely on the basis of providing
24 a full-day program.

25 (10) ~~(7)~~—As used in this section, **"PART-DAY PROGRAM" MEANS A**
26 **PROGRAM THAT OPERATES AT LEAST 4 DAYS PER WEEK, 30 WEEKS PER YEAR,**
27 **WITH AT LEAST 300 HOURS OF TEACHER-CHILD CONTACT, AND "full-day**

1 program" means a program that operates for at least the same length
2 of day as the district's first grade program for a minimum of 4
3 days per week, 30 weeks per year. A classroom that offers a full-
4 day program must enroll all children for the full day to be
5 considered a full-day program.

6 Sec. 39a. (1) From the federal funds appropriated in section
7 11, there is allocated for ~~2007-2008~~ **2008-2009** to districts,
8 intermediate districts, and other eligible entities all available
9 federal funding, estimated at ~~\$669,660,100.00~~ **\$752,987,500.00**, for
10 the federal programs under the no child left behind act of 2001,
11 Public Law 107-110. These funds are allocated as follows:

12 (a) An amount estimated at ~~\$9,625,800.00~~ **\$8,033,600.00** to
13 provide students with drug- and violence-prevention programs and to
14 implement strategies to improve school safety, funded from DED-
15 OESE, drug-free schools and communities funds.

16 (b) An amount estimated at ~~\$6,405,500.00~~ **\$7,461,800.00** for the
17 purpose of improving teaching and learning through a more effective
18 use of technology, funded from DED-OESE, educational technology
19 state grant funds.

20 (c) An amount estimated at ~~\$106,249,200.00~~ **\$109,411,900.00** for
21 the purpose of preparing, training, and recruiting high-quality
22 teachers and class size reduction, funded from DED-OESE, improving
23 teacher quality funds.

24 (d) An amount estimated at ~~\$9,854,300.00~~ **\$10,322,300.00** for
25 programs to teach English to limited English proficient (LEP)
26 children, funded from DED-OESE, language acquisition state grant
27 funds.



1 (e) An amount estimated at \$8,550,000.00 for the Michigan
2 charter school subgrant program, funded from DED-OESE, charter
3 school funds.

4 (f) An amount estimated at ~~\$676,000.00~~ **\$898,300.00** for rural
5 and low income schools, funded from DED-OESE, rural and low income
6 school funds.

7 (g) An amount estimated at ~~\$3,115,900.00~~ **\$1,000.00** to help
8 schools develop and implement comprehensive school reform programs,
9 funded from DED-OESE, title I and title X, comprehensive school
10 reform funds.

11 (h) An amount estimated at ~~\$456,971,500.00~~ **\$517,479,800.00** to
12 provide supplemental programs to enable educationally disadvantaged
13 children to meet challenging academic standards, funded from DED-
14 OESE, title I, disadvantaged children funds.

15 (i) An amount estimated at ~~\$2,531,700.00~~ **\$2,152,700.00** for the
16 purpose of providing unified family literacy programs, funded from
17 DED-OESE, title I, even start funds.

18 (j) An amount estimated at ~~\$8,186,200.00~~ **\$7,797,700.00** for the
19 purpose of identifying and serving migrant children, funded from
20 DED-OESE, title I, migrant education funds.

21 (k) An amount estimated at \$24,733,200.00 to promote high-
22 quality school reading instruction for grades K-3, funded from DED-
23 OESE, title I, reading first state grant funds.

24 (l) An amount estimated at \$2,849,000.00 for the purpose of
25 implementing innovative strategies for improving student
26 achievement, funded from DED-OESE, title VI, innovative strategies
27 funds.



1 (m) An amount estimated at ~~\$29,911,800.00~~ **\$35,710,100.00** for
2 the purpose of providing high-quality extended learning
3 opportunities, after school and during the summer, for children in
4 low-performing schools, funded from DED-OESE, twenty-first century
5 community learning center funds. Of these funds, \$50,000.00 may be
6 used to support the Michigan after-school partnership. All of the
7 following apply to the Michigan after-school partnership:

8 (i) The department shall collaborate with the department of
9 human services to extend the duration of the Michigan after-school
10 initiative, to be renamed the Michigan after-school partnership and
11 oversee its efforts to implement the policy recommendations and
12 strategic next steps identified in the Michigan after-school
13 initiative's report of December 15, 2003.

14 (ii) Funds shall be used to leverage other private and public
15 funding to engage the public and private sectors in building and
16 sustaining high-quality out-of-school-time programs and resources.
17 The co-chairs, representing the department and the department of
18 human services, shall name a fiduciary agent and may authorize the
19 fiduciary to expend funds and hire people to accomplish the work of
20 the Michigan after-school partnership.

21 (iii) Participation in the Michigan after-school partnership
22 shall be expanded beyond the membership of the initial Michigan
23 after-school initiative to increase the representation of parents,
24 youth, foundations, employers, and others with experience in
25 education, child care, after-school and youth development services,
26 and crime and violence prevention, and to include representation
27 from the ~~Michigan~~ department of community health. Each year, on or

1 before December 31, the Michigan after-school partnership shall
2 report its progress in reaching the recommendations set forth in
3 the Michigan after-school initiative's report to the legislature
4 and the governor.

5 **(N) AN AMOUNT ESTIMATED AT \$17,586,100.00 TO HELP SUPPORT**
6 **LOCAL SCHOOL IMPROVEMENT EFFORTS, FUNDED FROM DED-OESE, TITLE I,**
7 **LOCAL SCHOOL IMPROVEMENT GRANTS.**

8 (2) From the federal funds appropriated in section 11, there
9 is allocated for ~~2007-2008-2008-2009~~ to districts, intermediate
10 districts, and other eligible entities all available federal
11 funding, estimated at ~~\$32,411,000.00~~ **\$32,559,700.00**, for the
12 following programs that are funded by federal grants:

13 (a) An amount estimated at \$600,000.00 for acquired
14 immunodeficiency syndrome education grants, funded from HHS-center
15 for disease control, AIDS funding.

16 (b) An amount estimated at ~~\$1,665,400.00~~ **\$1,814,100.00** to
17 provide services to homeless children and youth, funded from DED-
18 OVAE, homeless children and youth funds.

19 (c) An amount estimated at \$200,000.00 for refugee children
20 school impact grants, funded from HHS-ACF, refugee children school
21 impact funds.

22 (d) An amount estimated at \$1,445,600.00 for serve America
23 grants, funded from the corporation for national and community
24 service funds.

25 (e) An amount estimated at \$28,500,000.00 for providing career
26 and technical education services to pupils, funded from DED-OVAE,
27 basic grants to states.



1 (3) To the extent allowed under federal law, the funds
2 allocated under subsection (1)(h), (i), ~~and (k)~~, **AND (N)** may be
3 used for 1 or more reading improvement programs that meet at least
4 1 of the following:

5 (a) A research-based, validated, structured reading program
6 that aligns learning resources to state standards and includes
7 continuous assessment of pupils and individualized education plans
8 for pupils.

9 (b) A mentoring program that is a research-based, validated
10 program or a statewide 1-to-1 mentoring program and is designed to
11 enhance the independence and life quality of pupils who are
12 mentally impaired by providing opportunities for mentoring and
13 integrated employment.

14 (c) A cognitive development program that is a research-based,
15 validated educational service program focused on assessing and
16 building essential cognitive and perceptual learning abilities to
17 strengthen pupil concentration and learning.

18 (d) A structured mentoring-tutorial reading program for pupils
19 in preschool to grade 4 that is a research-based, validated program
20 that develops individualized educational plans based on each
21 pupil's age, assessed needs, reading level, interests, and learning
22 style.

23 (4) All federal funds allocated under this section shall be
24 distributed in accordance with federal law and with flexibility
25 provisions outlined in Public Law 107-116, and in the education
26 flexibility partnership act of 1999, Public Law 106-25.

27 Notwithstanding section 17b, payments of federal funds to

1 districts, intermediate districts, and other eligible entities
2 under this section shall be paid on a schedule determined by the
3 department.

4 (5) As used in this section:

5 (a) "DED" means the United States department of education.

6 (b) "DED-OESE" means the DED office of elementary and
7 secondary education.

8 (c) "DED-OVAE" means the DED office of vocational and adult
9 education.

10 (d) "HHS" means the United States department of health and
11 human services.

12 (e) "HHS-ACF" means the HHS administration for children and
13 families.

14 Sec. 41. From the appropriation in section 11, there is
15 allocated an amount not to exceed \$2,800,000.00 for ~~2007-2008-2008-~~
16 ~~2009~~ to applicant districts and intermediate districts offering
17 programs of instruction for pupils of limited English-speaking
18 ability under section 1153 of the revised school code, MCL
19 380.1153. Reimbursement shall be on a per pupil basis and shall be
20 based on the number of pupils of limited English-speaking ability
21 in membership on the pupil membership count day. Funds allocated
22 under this section shall be used solely for instruction in
23 speaking, reading, writing, or comprehension of English. A pupil
24 shall not be counted under this section or instructed in a program
25 under this section for more than 3 years.

26 Sec. 51a. (1) ~~From the appropriation in section 11, there is~~
27 ~~allocated for 2007-2008 an amount not to exceed \$990,483,000.00~~



1 ~~from state sources and all available federal funding under sections~~
2 ~~611 to 619 of part B of the individuals with disabilities education~~
3 ~~act, 20 USC 1411 to 1419, estimated at \$350,700,000.00, plus any~~
4 ~~carryover federal funds from previous year appropriations. FROM THE~~
5 **APPROPRIATION IN SECTION 11, THERE IS ALLOCATED FOR 2008-2009 AN**
6 **AMOUNT NOT TO EXCEED \$1,023,783,000.00 FROM STATE SOURCES AND ALL**
7 **AVAILABLE FEDERAL FUNDING UNDER SECTIONS 611 TO 619 OF PART B OF**
8 **THE INDIVIDUALS WITH DISABILITIES EDUCATION ACT, 20 USC 1411 TO**
9 **1419, ESTIMATED AT \$350,700,000.00, PLUS ANY CARRYOVER FEDERAL**
10 **FUNDS FROM PREVIOUS YEAR APPROPRIATIONS.** The allocations under this
11 subsection are for the purpose of reimbursing districts and
12 intermediate districts for special education programs, services,
13 and special education personnel as prescribed in article 3 of the
14 revised school code, MCL 380.1701 to 380.1766; net tuition payments
15 made by intermediate districts to the Michigan schools for the deaf
16 and blind; and special education programs and services for pupils
17 who are eligible for special education programs and services
18 according to statute or rule. For meeting the costs of special
19 education programs and services not reimbursed under this article,
20 a district or intermediate district may use money in general funds
21 or special education funds, not otherwise restricted, or
22 contributions from districts to intermediate districts, tuition
23 payments, gifts and contributions from individuals, or federal
24 funds that may be available for this purpose, as determined by the
25 intermediate district plan prepared pursuant to article 3 of the
26 revised school code, MCL 380.1701 to 380.1766. All federal funds
27 allocated under this section in excess of those allocated under



1 this section for 2002-2003 may be distributed in accordance with
2 the flexible funding provisions of the individuals with
3 disabilities education act, Public Law 108-446, including, but not
4 limited to, 34 CFR 300.206 and 300.208. Notwithstanding section
5 17b, payments of federal funds to districts, intermediate
6 districts, and other eligible entities under this section shall be
7 paid on a schedule determined by the department.

8 (2) From the funds allocated under subsection (1), there is
9 allocated ~~for 2007-2008~~ the amount necessary, estimated at
10 ~~\$216,500,000.00~~ **\$224,800,000.00 FOR 2008-2009**, for payments toward
11 reimbursing districts and intermediate districts for 28.6138% of
12 total approved costs of special education, excluding costs
13 reimbursed under section 53a, and 70.4165% of total approved costs
14 of special education transportation. Allocations under this
15 subsection shall be made as follows:

16 (a) The initial amount allocated to a district under this
17 subsection toward fulfilling the specified percentages shall be
18 calculated by multiplying the district's special education pupil
19 membership, excluding pupils described in subsection (12), times
20 the sum of the foundation allowance under section 20 of the pupil's
21 district of residence plus the amount of the district's per pupil
22 allocation under section 20j(2), not to exceed the basic foundation
23 allowance under section 20 for the current fiscal year, or, for a
24 special education pupil in membership in a district that is a
25 public school academy or university school, times an amount equal
26 to the amount per membership pupil calculated under section 20(6).
27 For an intermediate district, the amount allocated under this

1 subdivision toward fulfilling the specified percentages shall be an
2 amount per special education membership pupil, excluding pupils
3 described in subsection (12), and shall be calculated in the same
4 manner as for a district, using the foundation allowance under
5 section 20 of the pupil's district of residence, not to exceed the
6 basic foundation allowance under section 20 for the current fiscal
7 year, and that district's per pupil allocation under section
8 20j(2).

9 (b) After the allocations under subdivision (a), districts and
10 intermediate districts for which the payments under subdivision (a)
11 do not fulfill the specified percentages shall be paid the amount
12 necessary to achieve the specified percentages for the district or
13 intermediate district.

14 (3) From the funds allocated under subsection (1), there is
15 allocated for ~~2007-2008-2008-2009~~ the amount necessary, estimated
16 at ~~\$1,500,000.00~~ **\$1,600,000.00**, to make payments to districts and
17 intermediate districts under this subsection. If the amount
18 allocated to a district or intermediate district for a fiscal year
19 under subsection (2)(b) is less than the sum of the amounts
20 allocated to the district or intermediate district for 1996-97
21 under sections 52 and 58, there is allocated to the district or
22 intermediate district for the fiscal year an amount equal to that
23 difference, adjusted by applying the same proration factor that was
24 used in the distribution of funds under section 52 in 1996-97 as
25 adjusted to the district's or intermediate district's necessary
26 costs of special education used in calculations for the fiscal
27 year. This adjustment is to reflect reductions in special education



1 program operations or services between 1996-97 and subsequent
2 fiscal years. Adjustments for reductions in special education
3 program operations or services shall be made in a manner determined
4 by the department and shall include adjustments for program or
5 service shifts.

6 (4) If the department determines that the sum of the amounts
7 allocated for a fiscal year to a district or intermediate district
8 under subsection (2)(a) and (b) is not sufficient to fulfill the
9 specified percentages in subsection (2), then the shortfall shall
10 be paid to the district or intermediate district during the fiscal
11 year beginning on the October 1 following the determination and
12 payments under subsection (3) shall be adjusted as necessary. If
13 the department determines that the sum of the amounts allocated for
14 a fiscal year to a district or intermediate district under
15 subsection (2)(a) and (b) exceeds the sum of the amount necessary
16 to fulfill the specified percentages in subsection (2), then the
17 department shall deduct the amount of the excess from the
18 district's or intermediate district's payments under this act for
19 the fiscal year beginning on the October 1 following the
20 determination and payments under subsection (3) shall be adjusted
21 as necessary. However, if the amount allocated under subsection
22 (2)(a) in itself exceeds the amount necessary to fulfill the
23 specified percentages in subsection (2), there shall be no
24 deduction under this subsection.

25 (5) State funds shall be allocated on a total approved cost
26 basis. Federal funds shall be allocated under applicable federal
27 requirements, except that an amount not to exceed \$3,500,000.00 may



1 be allocated by the department for ~~2007-2008~~ **2008-2009** to
2 districts, intermediate districts, or other eligible entities on a
3 competitive grant basis for programs, equipment, and services that
4 the department determines to be designed to benefit or improve
5 special education on a statewide scale.

6 (6) From the amount allocated in subsection (1), there is
7 allocated an amount not to exceed \$2,200,000.00 for ~~2007-2008~~ **2008-**
8 **2009** to reimburse 100% of the net increase in necessary costs
9 incurred by a district or intermediate district in implementing the
10 revisions in the administrative rules for special education that
11 became effective on July 1, 1987. As used in this subsection, "net
12 increase in necessary costs" means the necessary additional costs
13 incurred solely because of new or revised requirements in the
14 administrative rules minus cost savings permitted in implementing
15 the revised rules. Net increase in necessary costs shall be
16 determined in a manner specified by the department.

17 (7) For purposes of this article, all of the following apply:

18 (a) "Total approved costs of special education" shall be
19 determined in a manner specified by the department and may include
20 indirect costs, but shall not exceed 115% of approved direct costs
21 for section 52 and section 53a programs. The total approved costs
22 include salary and other compensation for all approved special
23 education personnel for the program, including payments for social
24 security and medicare and public school employee retirement system
25 contributions. The total approved costs do not include salaries or
26 other compensation paid to administrative personnel who are not
27 special education personnel as defined in section 6 of the revised



1 school code, MCL 380.6. Costs reimbursed by federal funds, other
2 than those federal funds included in the allocation made under this
3 article, are not included. Special education approved personnel not
4 utilized full time in the evaluation of students or in the delivery
5 of special education programs, ancillary, and other related
6 services shall be reimbursed under this section only for that
7 portion of time actually spent providing these programs and
8 services, with the exception of special education programs and
9 services provided to youth placed in child caring institutions or
10 juvenile detention programs approved by the department to provide
11 an on-grounds education program.

12 (b) Beginning with the 2004-2005 fiscal year, a district or
13 intermediate district that employed special education support
14 services staff to provide special education support services in
15 2003-2004 or in a subsequent fiscal year and that in a fiscal year
16 after 2003-2004 receives the same type of support services from
17 another district or intermediate district shall report the cost of
18 those support services for special education reimbursement purposes
19 under this act. This subdivision does not prohibit the transfer of
20 special education classroom teachers and special education
21 classroom aides if the pupils counted in membership associated with
22 those special education classroom teachers and special education
23 classroom aides are transferred and counted in membership in the
24 other district or intermediate district in conjunction with the
25 transfer of those teachers and aides.

26 (c) If the department determines before bookclosing for ~~2006-~~
27 ~~2007-2007-2008~~ that the amounts allocated for ~~2006-2007-2007-2008~~



1 under subsections (2), (3), (6), (8), and (12) and sections 53a,
2 54, and 56 will exceed expenditures for ~~2006-2007~~**2007-2008** under
3 subsections (2), (3), (6), (8), and (12) and sections 53a, 54, and
4 56, then for ~~2006-2007~~**2007-2008** only, for a district or
5 intermediate district whose reimbursement for ~~2006-2007~~**2007-2008**
6 would otherwise be affected by subdivision (b), subdivision (b)
7 does not apply to the calculation of the reimbursement for that
8 district or intermediate district and reimbursement for that
9 district or intermediate district shall be calculated in the same
10 manner as it was for 2003-2004. If the amount of the excess
11 allocations under subsections (2), (3), (6), (8), and (12) and
12 sections 53a, 54, and 56 is not sufficient to fully fund the
13 calculation of reimbursement to those districts and intermediate
14 districts under this subdivision, then the calculations and
15 resulting reimbursement under this subdivision shall be prorated on
16 an equal percentage basis.

17 (d) Reimbursement for ancillary and other related services, as
18 defined by R 340.1701c of the Michigan administrative code, shall
19 not be provided when those services are covered by and available
20 through private group health insurance carriers or federal
21 reimbursed program sources unless the department and district or
22 intermediate district agree otherwise and that agreement is
23 approved by the state budget director. Expenses, other than the
24 incidental expense of filing, shall not be borne by the parent. In
25 addition, the filing of claims shall not delay the education of a
26 pupil. A district or intermediate district shall be responsible for
27 payment of a deductible amount and for an advance payment required

1 until the time a claim is paid.

2 (e) Beginning with calculations for 2004-2005, if an
3 intermediate district purchases a special education pupil
4 transportation service from a constituent district that was
5 previously purchased from a private entity; if the purchase from
6 the constituent district is at a lower cost, adjusted for changes
7 in fuel costs; and if the cost shift from the intermediate district
8 to the constituent does not result in any net change in the revenue
9 the constituent district receives from payments under sections 22b
10 and 51c, then upon application by the intermediate district, the
11 department shall direct the intermediate district to continue to
12 report the cost associated with the specific identified special
13 education pupil transportation service and shall adjust the costs
14 reported by the constituent district to remove the cost associated
15 with that specific service.

16 (8) From the allocation in subsection (1), there is allocated
17 for ~~2007-2008~~**2008-2009** an amount not to exceed \$15,313,900.00 to
18 intermediate districts. The payment under this subsection to each
19 intermediate district shall be equal to the amount of the 1996-97
20 allocation to the intermediate district under subsection (6) of
21 this section as in effect for 1996-97.

22 (9) A pupil who is enrolled in a full-time special education
23 program conducted or administered by an intermediate district or a
24 pupil who is enrolled in the Michigan schools for the deaf and
25 blind shall not be included in the membership count of a district,
26 but shall be counted in membership in the intermediate district of
27 residence.



1 (10) Special education personnel transferred from 1 district
2 to another to implement the revised school code shall be entitled
3 to the rights, benefits, and tenure to which the person would
4 otherwise be entitled had that person been employed by the
5 receiving district originally.

6 (11) If a district or intermediate district uses money
7 received under this section for a purpose other than the purpose or
8 purposes for which the money is allocated, the department may
9 require the district or intermediate district to refund the amount
10 of money received. Money that is refunded shall be deposited in the
11 state treasury to the credit of the state school aid fund.

12 (12) From the funds allocated in subsection (1), there is
13 allocated ~~for 2007-2008~~ the amount necessary, estimated at
14 ~~\$7,600,000.00~~ **\$7,100,000.00 FOR 2008-2009**, to pay the foundation
15 allowances for pupils described in this subsection. The allocation
16 to a district under this subsection shall be calculated by
17 multiplying the number of pupils described in this subsection who
18 are counted in membership in the district times the sum of the
19 foundation allowance under section 20 of the pupil's district of
20 residence plus the amount of the district's per pupil allocation
21 under section 20j(2), not to exceed the basic foundation allowance
22 under section 20 for the current fiscal year, or, for a pupil
23 described in this subsection who is counted in membership in a
24 district that is a public school academy or university school,
25 times an amount equal to the amount per membership pupil under
26 section 20(6). The allocation to an intermediate district under
27 this subsection shall be calculated in the same manner as for a



1 district, using the foundation allowance under section 20 of the
2 pupil's district of residence, not to exceed the basic foundation
3 allowance under section 20 for the current fiscal year, and that
4 district's per pupil allocation under section 20j(2). This
5 subsection applies to all of the following pupils:

6 (a) Pupils described in section 53a.

7 (b) Pupils counted in membership in an intermediate district
8 who are not special education pupils and are served by the
9 intermediate district in a juvenile detention or child caring
10 facility.

11 (c) Emotionally impaired pupils counted in membership by an
12 intermediate district and provided educational services by the
13 department of community health.

14 (13) IF IT IS DETERMINED THAT FUNDS ALLOCATED UNDER SUBSECTION
15 (2) OR (12) OR UNDER SECTION 51C WILL NOT BE EXPENDED, FUNDS UP TO
16 THE AMOUNT NECESSARY AND AVAILABLE MAY BE USED TO SUPPLEMENT THE
17 ALLOCATIONS UNDER SUBSECTION (2) OR (12) OR UNDER SECTION 51C IN
18 ORDER TO FULLY FUND THOSE ALLOCATIONS. After payments under
19 subsections (2) and (12) and section 51c, the remaining
20 expenditures from the allocation in subsection (1) shall be made in
21 the following order:

22 (a) 100% of the reimbursement required under section 53a.

23 (b) 100% of the reimbursement required under subsection (6).

24 (c) 100% of the payment required under section 54.

25 (d) 100% of the payment required under subsection (3).

26 (e) 100% of the payment required under subsection (8).

27 (f) 100% of the payments under section 56.



(14) The allocations under ~~subsection~~ **SUBSECTIONS** (2), ~~subsection~~ (3), and ~~subsection~~ (12) shall be allocations to intermediate districts only and shall not be allocations to districts, but instead shall be calculations used only to determine the state payments under section 22b.

(15) IF A PUBLIC SCHOOL ACADEMY ENROLLS PURSUANT TO THIS SECTION A PUPIL WHO RESIDES OUTSIDE OF THE INTERMEDIATE DISTRICT IN WHICH THE PUBLIC SCHOOL ACADEMY IS LOCATED AND WHO IS ELIGIBLE FOR SPECIAL EDUCATION PROGRAMS AND SERVICES ACCORDING TO STATUTE OR RULE, OR WHO IS A CHILD WITH DISABILITIES, AS DEFINED UNDER THE INDIVIDUALS WITH DISABILITIES EDUCATION ACT, PUBLIC LAW 108-446, THE PROVISION OF SPECIAL EDUCATION PROGRAMS AND SERVICES AND THE PAYMENT OF THE ADDED COSTS OF SPECIAL EDUCATION PROGRAMS AND SERVICES FOR THE PUPIL ARE THE RESPONSIBILITY OF THE DISTRICT AND INTERMEDIATE DISTRICT IN WHICH THE PUPIL RESIDES UNLESS THE ENROLLING DISTRICT OR INTERMEDIATE DISTRICT HAS A WRITTEN AGREEMENT WITH THE DISTRICT OR INTERMEDIATE DISTRICT IN WHICH THE PUPIL RESIDES OR THE PUBLIC SCHOOL ACADEMY FOR THE PURPOSE OF PROVIDING THE PUPIL WITH A FREE APPROPRIATE PUBLIC EDUCATION AND THE WRITTEN AGREEMENT INCLUDES AT LEAST AN AGREEMENT ON THE RESPONSIBILITY FOR THE PAYMENT OF THE ADDED COSTS OF SPECIAL EDUCATION PROGRAMS AND SERVICES FOR THE PUPIL.

Sec. 51c. As required by the court in the consolidated cases known as Durant v State of Michigan, Michigan supreme court docket no. 104458-104492, from the allocation under section 51a(1), there is allocated for ~~2007-2008~~ **2008-2009** the amount necessary, estimated at ~~\$696,000,000.00~~ **\$721,400,000.00**, for payments to



1 reimburse districts for 28.6138% of total approved costs of special
2 education excluding costs reimbursed under section 53a, and
3 70.4165% of total approved costs of special education
4 transportation. Funds allocated under this section that are not
5 expended in the state fiscal year for which they were allocated, as
6 determined by the department, may be used to supplement the
7 allocations under sections 22a and 22b in order to fully fund those
8 calculated allocations for the same fiscal year.

9 Sec. 51d. (1) From the federal funds appropriated in section
10 11, there is allocated for ~~2007-2008~~**2008-2009** all available
11 federal funding, estimated at \$74,000,000.00, for special education
12 programs that are funded by federal grants. All federal funds
13 allocated under this section shall be distributed in accordance
14 with federal law. Notwithstanding section 17b, payments of federal
15 funds to districts, intermediate districts, and other eligible
16 entities under this section shall be paid on a schedule determined
17 by the department.

18 (2) From the federal funds allocated under subsection (1), the
19 following amounts are allocated for ~~2007-2008~~**2008-2009**:

20 (a) An amount estimated at \$15,000,000.00 for handicapped
21 infants and toddlers, funded from DED-OSERS, handicapped infants
22 and toddlers funds.

23 (b) An amount estimated at \$14,000,000.00 for preschool grants
24 (Public Law 94-142), funded from DED-OSERS, handicapped preschool
25 incentive funds.

26 (c) An amount estimated at \$45,000,000.00 for special
27 education programs funded by DED-OSERS, handicapped program,



1 individuals with disabilities act funds.

2 (3) As used in this section, "DED-OSERS" means the United
3 States department of education office of special education and
4 rehabilitative services.

5 Sec. 53a. (1) For districts, reimbursement for pupils
6 described in subsection (2) shall be 100% of the total approved
7 costs of operating special education programs and services approved
8 by the department and included in the intermediate district plan
9 adopted pursuant to article 3 of the revised school code, MCL
10 380.1701 to 380.1766, minus the district's foundation allowance
11 calculated under section 20, and minus the amount calculated for
12 the district under section 20j. For intermediate districts,
13 reimbursement for pupils described in subsection (2) shall be
14 calculated in the same manner as for a district, using the
15 foundation allowance under section 20 of the pupil's district of
16 residence, not to exceed the basic foundation allowance under
17 section 20 for the current fiscal year, and under section 20j.

18 (2) Reimbursement under subsection (1) is for the following
19 special education pupils:

20 (a) Pupils assigned to a district or intermediate district
21 through the community placement program of the courts or a state
22 agency, if the pupil was a resident of another intermediate
23 district at the time the pupil came under the jurisdiction of the
24 court or a state agency.

25 (b) Pupils who are residents of institutions operated by the
26 department of community health.

27 (c) Pupils who are former residents of department of community



1 health institutions for the developmentally disabled who are placed
2 in community settings other than the pupil's home.

3 (d) Pupils enrolled in a department-approved on-grounds
4 educational program longer than 180 days, but not longer than 233
5 days, at a residential child care institution, if the child care
6 institution offered in 1991-92 an on-grounds educational program
7 longer than 180 days but not longer than 233 days.

8 (e) Pupils placed in a district by a parent for the purpose of
9 seeking a suitable home, if the parent does not reside in the same
10 intermediate district as the district in which the pupil is placed.

11 (3) Only those costs that are clearly and directly
12 attributable to educational programs for pupils described in
13 subsection (2), and that would not have been incurred if the pupils
14 were not being educated in a district or intermediate district, are
15 reimbursable under this section.

16 (4) The costs of transportation shall be funded under this
17 section and shall not be reimbursed under section 58.

18 (5) Not more than \$12,800,000.00 of the allocation for ~~2007-~~
19 ~~2008-2008-2009~~ in section 51a(1) shall be allocated under this
20 section.

21 Sec. 54. Each intermediate district shall receive an amount
22 per pupil for each pupil in attendance at the Michigan schools for
23 the deaf and blind. The amount shall be proportionate to the total
24 instructional cost at each school. Not more than \$1,688,000.00 of
25 the allocation for ~~2007-2008-2008-2009~~ in section 51a(1) shall be
26 allocated under this section.

27 Sec. 54a. (1) From the state school aid fund money



1 appropriated in section 11, there is allocated an amount not to
2 exceed ~~\$250,000.00 for 2007-2008~~ **\$100,000.00 FOR 2008-2009** to the
3 lending library located at central Michigan university from which
4 districts and intermediate districts can borrow assessment
5 materials designed specifically for children with severe loss of
6 vision or hearing, severe cognitive or motor disabilities, or
7 multiple disabilities and for children who require the most
8 specialized types of psychological and educational assessment. ~~It~~
9 ~~is the intent of the legislature to allocate an amount not to~~
10 ~~exceed \$100,000.00 for subsequent fiscal years for this purpose.~~

11 (2) The lending library shall make test assessment materials
12 available through borrowing to districts and intermediate
13 districts. The lending library shall also provide information about
14 the lending library at meetings and conferences for school
15 personnel and shall develop a website to describe the services
16 offered by the lending library. The lending library also shall mail
17 information about the services offered by the lending library to
18 all districts and intermediate districts.

19 Sec. 54c. From the general fund appropriation in section 11,
20 there is allocated to the department an amount not to exceed
21 **\$80,000.00 EACH FISCAL YEAR FOR 2007-2008 AND FOR 2008-2009** for the
22 department to make Newsline available electronically on a statewide
23 basis for persons who are visually impaired.

24 Sec. 56. (1) For the purposes of this section:

25 (a) "Membership" means for a particular fiscal year the total
26 membership for the immediately preceding fiscal year of the
27 intermediate district and the districts constituent to the



1 intermediate district.

2 (b) "Millage levied" means the millage levied for special
3 education pursuant to part 30 of the revised school code, MCL
4 380.1711 to 380.1743, including a levy for debt service
5 obligations.

6 (c) "Taxable value" means the total taxable value of the
7 districts constituent to an intermediate district, except that if a
8 district has elected not to come under part 30 of the revised
9 school code, MCL 380.1711 to 380.1743, membership and taxable value
10 of the district shall not be included in the membership and taxable
11 value of the intermediate district.

12 (2) From the allocation under section 51a(1), there is
13 allocated an amount not to exceed \$36,881,100.00 for ~~2007-2008~~
14 **2008-2009** to reimburse intermediate districts levying millages for
15 special education pursuant to part 30 of the revised school code,
16 MCL 380.1711 to 380.1743. The purpose, use, and expenditure of the
17 reimbursement shall be limited as if the funds were generated by
18 these millages and governed by the intermediate district plan
19 adopted pursuant to article 3 of the revised school code, MCL
20 380.1701 to 380.1766. As a condition of receiving funds under this
21 section, an intermediate district distributing any portion of
22 special education millage funds to its constituent districts shall
23 submit for departmental approval and implement a distribution plan.

24 ~~(3) Reimbursement for those millages levied in 2006-2007 shall~~
25 ~~be made in 2007-2008 at an amount per 2006-2007 membership pupil~~
26 ~~computed by subtracting from \$161,800.00 the 2006-2007 taxable~~
27 ~~value behind each membership pupil and multiplying the resulting~~



1 ~~difference by the 2006-2007 millage levied.~~ REIMBURSEMENT FOR THOSE
2 MILLAGES LEVIED IN 2007-2008 SHALL BE MADE IN 2008-2009 AT AN
3 AMOUNT PER 2007-2008 MEMBERSHIP PUPIL COMPUTED BY SUBTRACTING FROM
4 \$172,800.00 THE 2007-2008 TAXABLE VALUE BEHIND EACH MEMBERSHIP
5 PUPIL AND MULTIPLYING THE RESULTING DIFFERENCE BY THE 2007-2008
6 MILLAGE LEVIED.

7 Sec. 57. (1) From the appropriation in section 11, there is
8 allocated an amount not to exceed \$285,000.00 for ~~2007-2008-2008-~~
9 ~~2009~~ for grants to intermediate districts for advanced and
10 accelerated students.

11 (2) To qualify for funding under this section, a grant
12 recipient shall support part of the cost of summer institutes for
13 advanced and accelerated students and, to the extent the funding
14 allows, provide comprehensive programs for advanced and accelerated
15 pupils.

16 (3) Except as otherwise provided in this subsection, the
17 amount of a single grant award under this section shall not exceed
18 \$5,000.00. Intermediate districts may form a consortium, and that
19 consortium may receive a maximum grant amount of \$5,000.00 for each
20 participant intermediate district. Each intermediate district or
21 consortium must apply for grant funding by April 1, ~~2008-2009~~ and
22 demonstrate compliance with subsection (2).

23 (4) A district, intermediate district, or consortium that
24 receives a grant under this section shall provide at least a 25%
25 match for grant money received under this section from local public
26 or private resources.

27 (5) Any unallocated grant funds may be allocated to



1 intermediate districts and consortia receiving grants under this
2 section in an equal amount per intermediate district.

3 Sec. 61a. (1) From the appropriation in section 11, there is
4 allocated an amount not to exceed \$30,000,000.00 for ~~2007-2008~~
5 **2008-2009** to reimburse on an added cost basis districts, except for
6 a district that served as the fiscal agent for a vocational
7 education consortium in the 1993-94 school year, and secondary area
8 vocational-technical education centers for secondary-level
9 vocational-technical education programs, including parenthood
10 education programs, according to rules approved by the
11 superintendent. Applications for participation in the programs
12 shall be submitted in the form prescribed by the department. The
13 department shall determine the added cost for each vocational-
14 technical program area. The allocation of added cost funds shall be
15 based on the type of vocational-technical programs provided, the
16 number of pupils enrolled, and the length of the training period
17 provided, and shall not exceed 75% of the added cost of any
18 program. With the approval of the department, the board of a
19 district maintaining a secondary vocational-technical education
20 program may offer the program for the period from the close of the
21 school year until September 1. The program shall use existing
22 facilities and shall be operated as prescribed by rules promulgated
23 by the superintendent.

24 (2) Except for a district that served as the fiscal agent for
25 a vocational education consortium in the 1993-94 school year,
26 districts and intermediate districts shall be reimbursed for local
27 vocational administration, shared time vocational administration,



1 and career education planning district vocational-technical
2 administration. The definition of what constitutes administration
3 and reimbursement shall be pursuant to guidelines adopted by the
4 superintendent. Not more than \$800,000.00 of the allocation in
5 subsection (1) shall be distributed under this subsection.

6 (3) From the allocation in subsection (1), there is allocated
7 an amount not to exceed \$388,700.00 for ~~2007-2008~~ **2008-2009** to
8 intermediate districts with constituent districts that had combined
9 state and local revenue per membership pupil in the 1994-95 state
10 fiscal year of \$6,500.00 or more, served as a fiscal agent for a
11 state board designated area vocational education center in the
12 1993-94 school year, and had an adjustment made to their 1994-95
13 combined state and local revenue per membership pupil pursuant to
14 section 20d. The payment under this subsection to the intermediate
15 district shall equal the amount of the allocation to the
16 intermediate district for 1996-97 under this subsection.

17 Sec. 62. (1) For the purposes of this section:

18 (a) "Membership" means for a particular fiscal year the total
19 membership for the immediately preceding fiscal year of the
20 intermediate district and the districts constituent to the
21 intermediate district or the total membership for the immediately
22 preceding fiscal year of the area vocational-technical program.

23 (b) "Millage levied" means the millage levied for area
24 vocational-technical education pursuant to sections 681 to 690 of
25 the revised school code, MCL 380.681 to 380.690, including a levy
26 for debt service obligations incurred as the result of borrowing
27 for capital outlay projects and in meeting capital projects fund



1 requirements of area vocational-technical education.

2 (c) "Taxable value" means the total taxable value of the
3 districts constituent to an intermediate district or area
4 vocational-technical education program, except that if a district
5 has elected not to come under sections 681 to 690 of the revised
6 school code, MCL 380.681 to 380.690, the membership and taxable
7 value of that district shall not be included in the membership and
8 taxable value of the intermediate district. However, the membership
9 and taxable value of a district that has elected not to come under
10 sections 681 to 690 of the revised school code, MCL 380.681 to
11 380.690, shall be included in the membership and taxable value of
12 the intermediate district if the district meets both of the
13 following:

14 (i) The district operates the area vocational-technical
15 education program pursuant to a contract with the intermediate
16 district.

17 (ii) The district contributes an annual amount to the operation
18 of the program that is commensurate with the revenue that would
19 have been raised for operation of the program if millage were
20 levied in the district for the program under sections 681 to 690 of
21 the revised school code, MCL 380.681 to 380.690.

22 (2) From the appropriation in section 11, there is allocated
23 an amount not to exceed \$9,000,000.00 for ~~2007-2008~~ **2008-2009** to
24 reimburse intermediate districts and area vocational-technical
25 education programs established under section 690(3) of the revised
26 school code, MCL 380.690, levying millages for area vocational-
27 technical education pursuant to sections 681 to 690 of the revised



1 school code, MCL 380.681 to 380.690. The purpose, use, and
2 expenditure of the reimbursement shall be limited as if the funds
3 were generated by those millages.

4 ~~(3) Reimbursement for the millages levied in 2006-2007 shall~~
5 ~~be made in 2007-2008 at an amount per 2006-2007 membership pupil~~
6 ~~computed by subtracting from \$171,300.00 the 2006-2007 taxable~~
7 ~~value behind each membership pupil and multiplying the resulting~~
8 ~~difference by the 2006-2007 millage levied. REIMBURSEMENT FOR THE~~
9 ~~MILLAGES LEVIED IN 2007-2008 SHALL BE MADE IN 2008-2009 AT AN~~
10 ~~AMOUNT PER 2007-2008 MEMBERSHIP PUPIL COMPUTED BY SUBTRACTING FROM~~
11 ~~\$181,900.00 THE 2007-2008 TAXABLE VALUE BEHIND EACH MEMBERSHIP~~
12 ~~PUPIL AND MULTIPLYING THE RESULTING DIFFERENCE BY THE 2008-2009~~
13 ~~MILLAGE LEVIED.~~

14 Sec. 64. (1) From the appropriation in section 11, there is
15 allocated an amount not to exceed \$2,000,000.00 for ~~2007-2008-2008-~~
16 ~~2009~~ for grants to intermediate districts or a district of the
17 first class that are in consortium with a community college or
18 state public university and a hospital to create and implement a
19 middle college focused on the field of health sciences.

20 (2) Awards shall be made in a manner and form as determined by
21 the department; however, at a minimum, eligible consortia funded
22 under this section shall ensure the middle college provides all of
23 the following:

24 (a) Outreach programs to provide information to middle school
25 and high school students about career opportunities in the health
26 sciences field.

27 (b) An individualized education plan for each pupil enrolled



1 in the program.

2 (c) Curriculum that includes entry-level college courses.

3 (d) Clinical rotations that provide opportunities for pupils
4 to observe careers in the health sciences.

5 **(E) INSTRUCTION IN MATHEMATICS, SCIENCE, AND LANGUAGE ARTS**
6 **THAT IS INTEGRATED, WHERE APPROPRIATE, INTO THE HEALTH SCIENCES**
7 **COURSES.**

8 (3) For the purposes of this section, "middle college" means a
9 series of courses and other requirements and conditions established
10 by the consortium that allow a pupil to graduate with a high school
11 diploma and a certificate or degree from a community college or
12 state public university.

13 ~~(4) A district or intermediate district that received a grant~~
14 ~~under this section in 2006-2007 shall receive 100% of that amount~~
15 ~~in 2007-2008, 50% of the 2007-2008 amount in 2008-2009, and 50% of~~
16 ~~the 2008-2009 amount in 2009-2010. BEGINNING IN 2006-2007, A~~
17 **DISTRICT OR INTERMEDIATE DISTRICT MAY RECEIVE A GRANT UNDER THIS**
18 **SECTION FOR UP TO 4 CONSECUTIVE FISCAL YEARS. FOR THE FIRST 2**
19 **FISCAL YEARS OF THE GRANT PERIOD, THE GRANT AMOUNT SHALL BE 100% OF**
20 **THE AWARD DETERMINED BY THE DEPARTMENT. FOR EACH OF THE REMAINING 2**
21 **FISCAL YEARS OF THE GRANT PERIOD, THE GRANT AMOUNT SHALL BE AN**
22 **AMOUNT EQUAL TO 50% OF THE RECIPIENT'S GRANT AMOUNT FOR THE**
23 **PREVIOUS FISCAL YEAR.**

24 Sec. 65. (1) From the amount appropriated in section 11, there
25 is allocated an amount not to exceed ~~\$680,100.00~~ **\$980,100.00**
26 for ~~2007-2008~~ **2008-2009** for grants to districts or intermediate
27 districts, as determined by the department, for eligible precollege



1 programs in engineering and the sciences.

2 (2) From the funds allocated under subsection (1), the
3 department shall award \$680,100.00 for ~~2007-2008~~ **2008-2009** to the 2
4 eligible existing programs that received funds appropriated for
5 these purposes in the appropriations act containing the department
6 of labor and economic growth budget for 2005-2006.

7 (3) FROM THE FUNDS ALLOCATED UNDER SUBSECTION (1), THE
8 DEPARTMENT SHALL AWARD \$75,000.00 FOR 2008-2009 TO THE KALAMAZOO
9 REGIONAL EDUCATION SERVICE AGENCY TO SUPPORT AN AREA PROGRAM
10 SUBSTANTIALLY SIMILAR TO THE 2 ELIGIBLE EXISTING PROGRAMS RECEIVING
11 FUNDS UNDER SUBSECTION (2).

12 (4) FROM THE FUNDS ALLOCATED UNDER SUBSECTION (1), THE
13 DEPARTMENT SHALL AWARD \$225,000.00 FOR 2008-2009 TO ELIGIBLE
14 INTERMEDIATE DISTRICTS FOR PROGRAMS TO TRAIN PUPILS IN ALTERNATIVE
15 ENERGY. THE DEPARTMENT SHALL AWARD \$75,000.00 TO EACH ELIGIBLE
16 INTERMEDIATE DISTRICT. THE INTERMEDIATE DISTRICT SHALL USE THE
17 FUNDS FOR ENGINEERING AND SCIENCES PROGRAMS WITH INDUSTRY LEVEL
18 PARTNERSHIPS THAT ARE IN PROXIMITY TO RENEWABLE ENERGY FACILITIES.
19 TO BE ELIGIBLE FOR FUNDS UNDER THIS SUBSECTION, AN INTERMEDIATE
20 DISTRICT MUST MEET ALL OF THE FOLLOWING REQUIREMENTS:

21 (A) THE COMBINED TOTAL 2007-2008 PUPIL MEMBERSHIP FOR ALL OF
22 ITS CONSTITUENT DISTRICTS WAS LESS THAN 20,000 PUPILS.

23 (B) LEVIED AT LEAST .11 BUT NOT MORE THAN .19 OPERATING MILLS
24 IN 2007-2008.

25 (C) HAD A 2007 TAXABLE VALUE GREATER THAN \$1,500,000,000.00.

26 (D) AT LEAST 28% OF THE COMBINED TOTAL NUMBER OF PUPILS IN
27 MEMBERSHIP FOR ALL OF ITS CONSTITUENT DISTRICTS WERE ELIGIBLE FOR



1 **FREE OR REDUCED-PRICE LUNCH FOR 2007-2008.**

2 (E) IS CONTIGUOUS TO AT LEAST 1 OTHER INTERMEDIATE DISTRICT
3 THAT MEETS THE REQUIREMENTS OF SUBDIVISIONS (A) TO (D).

4 (5) ~~(3)~~ The department shall submit a report to the
5 appropriations subcommittees responsible for this act, **TO THE STATE**
6 **BUDGET DIRECTOR**, and to the house and senate fiscal agencies by
7 February 1, ~~2008-2009~~ regarding dropout rates, grade point
8 averages, enrollment in science, engineering, and math-based
9 curricula, and employment in science, engineering, and mathematics-
10 based fields for pupils who were enrolled in the programs awarded
11 funds under this section or under preceding legislation. The report
12 shall continue to evaluate the effectiveness of the precollege
13 programs in engineering and sciences funded under this section.

14 (6) ~~(4)~~ Notwithstanding section 17b, payments under this
15 section ~~may be made pursuant to an agreement with~~ **SHALL BE PAID ON**
16 **A SCHEDULE AND IN A MANNER DETERMINED BY** the department.

17 Sec. 74. (1) From the amount appropriated in section 11, there
18 is allocated an amount not to exceed ~~\$3,025,800.00~~ **\$3,028,500.00**
19 for ~~2007-2008-2008-2009~~ for the purposes of this section.

20 (2) From the allocation in subsection (1), there is allocated
21 for ~~2007-2008-2008-2009~~ the amount necessary for payments to state
22 supported colleges or universities and intermediate districts
23 providing school bus driver safety instruction ~~or driver skills~~
24 ~~road tests pursuant to sections~~ **SECTION** 51 and 52 of the pupil
25 transportation act, 1990 PA 187, MCL 257.1851. ~~and 257.1852.~~ The
26 payments shall be in an amount determined by the department not to
27 exceed 75% of the actual cost of instruction and driver



1 compensation for each public or nonpublic school bus driver
2 attending a course of instruction. For the purpose of computing
3 compensation, the hourly rate allowed each school bus driver shall
4 not exceed the hourly rate received for driving a school bus.
5 Reimbursement compensating the driver during the course of
6 instruction ~~or driver skills road tests~~ shall be made by the
7 department to the college or university or intermediate district
8 providing the course of instruction.

9 (3) From the allocation in subsection (1), there is allocated
10 each fiscal year the amount necessary to pay the reasonable costs
11 of nonspecial education auxiliary services transportation provided
12 pursuant to section 1323 of the revised school code, MCL 380.1323.
13 Districts funded under this subsection shall not receive funding
14 under any other section of this act for nonspecial education
15 auxiliary services transportation.

16 (4) From the funds allocated in subsection (1), there is
17 allocated an amount not to exceed ~~\$1,400,800.00~~ **\$1,403,500.00** for
18 ~~2007-2008-2008-2009~~ for reimbursement to districts and intermediate
19 districts for costs associated with the inspection of school buses
20 and pupil transportation vehicles by the department of state police
21 as required under section 715a of the Michigan vehicle code, 1949
22 PA 300, MCL 257.715a, and section 39 of the pupil transportation
23 act, 1990 PA 187, MCL 257.1839. The department of state police
24 shall prepare a statement of costs attributable to each district
25 for which bus inspections are provided and submit it to the
26 department and to each affected district in a time and manner
27 determined jointly by the department and the department of state



1 police. The department shall reimburse each district and
2 intermediate district for costs detailed on the statement within 30
3 days after receipt of the statement. Districts for which services
4 are provided shall make payment in the amount specified on the
5 statement to the department of state police within 45 days after
6 receipt of the statement. The total reimbursement of costs under
7 this subsection shall not exceed the amount allocated under this
8 subsection. Notwithstanding section 17b, payments to eligible
9 entities under this subsection shall be paid on a schedule
10 prescribed by the department.

11 Sec. 81. (1) Except as otherwise provided in this section,
12 from the appropriation in section 11, there is allocated for ~~2007-~~
13 ~~2008-2008-2009~~ to the intermediate districts the sum necessary, but
14 not to exceed ~~\$80,912,000.00~~ **\$81,721,100.00**, to provide state aid
15 to intermediate districts under this section. Except as otherwise
16 provided in this section, there shall be allocated to each
17 intermediate district for ~~2007-2008-2008-2009~~ an amount equal to
18 101.0% of the amount appropriated under this subsection for ~~2006-~~
19 ~~2007-2007-2008~~. Funding provided under this section shall be used
20 to comply with requirements of this act and the revised school code
21 that are applicable to intermediate districts, and for which
22 funding is not provided elsewhere in this act, and to provide
23 technical assistance to districts as authorized by the intermediate
24 school board.

25 (2) Intermediate districts receiving funds under this section
26 shall collaborate with the department to develop expanded
27 professional development opportunities for teachers to update and



1 expand their knowledge and skills needed to support the Michigan
2 merit curriculum.

3 (3) From the allocation in subsection (1), there is allocated
4 to an intermediate district, formed by the consolidation or
5 annexation of 2 or more intermediate districts or the attachment of
6 a total intermediate district to another intermediate school
7 district or the annexation of all of the constituent K-12 districts
8 of a previously existing intermediate school district which has
9 disorganized, an additional allotment of \$3,500.00 each fiscal year
10 for each intermediate district included in the new intermediate
11 district for 3 years following consolidation, annexation, or
12 attachment.

13 (4) During a fiscal year, the department shall not increase an
14 intermediate district's allocation under subsection (1) because of
15 an adjustment made by the department during the fiscal year in the
16 intermediate district's taxable value for a prior year. Instead,
17 the department shall report the adjustment and the estimated amount
18 of the increase to the house and senate fiscal agencies and the
19 state budget director not later than June 1 of the fiscal year, and
20 the legislature shall appropriate money for the adjustment in the
21 next succeeding fiscal year.

22 (5) In order to receive funding under this section, an
23 intermediate district shall do all of the following:

24 (a) Demonstrate to the satisfaction of the department that the
25 intermediate district employs at least 1 person who is trained in
26 pupil counting procedures, rules, and regulations.

27 (b) Demonstrate to the satisfaction of the department that the



1 intermediate district employs at least 1 person who is trained in
2 rules, regulations, and district reporting procedures for the
3 individual-level student data that serves as the basis for the
4 calculation of the district and high school graduation and dropout
5 rates.

6 (c) Comply with sections 1278a and 1278b of the revised school
7 code, MCL 380.1278a and 380.1278b.

8 (d) Furnish data and other information required by state and
9 federal law to the center and the department in the form and manner
10 specified by the center or the department, as applicable.

11 (e) Comply with section 1230g of the revised school code, MCL
12 380.1230g.

13 (f) Comply with section 761 of the revised school code, MCL
14 380.761.

15 Sec. 94a. (1) There is created within the office of the state
16 budget director in the department of management and budget the
17 center for educational performance and information. The center
18 shall do all of the following:

19 (a) Coordinate the collection of all data required by state
20 and federal law from all entities receiving funds under this act.

21 (b) Collect data in the most efficient manner possible in
22 order to reduce the administrative burden on reporting entities.

23 (c) Establish procedures to ensure the reasonable validity and
24 reliability of the data and the collection process.

25 (d) Develop state and model local data collection policies,
26 including, but not limited to, policies that ensure the privacy of
27 individual student data. State privacy policies shall ensure that

1 student social security numbers are not released to the public for
2 any purpose.

3 (e) Provide data in a useful manner to allow state and local
4 policymakers to make informed policy decisions.

5 (f) Provide reports to the citizens of this state to allow
6 them to assess allocation of resources and the return on their
7 investment in the education system of this state.

8 (g) Assist all entities receiving funds under this act in
9 complying with audits performed according to generally accepted
10 accounting procedures.

11 (H) TO THE EXTENT FUNDING IS AVAILABLE, COORDINATE THE
12 ELECTRONIC EXCHANGE OF STUDENT RECORDS USING A UNIQUE
13 IDENTIFICATION NUMBERING SYSTEM AMONG ENTITIES RECEIVING FUNDS
14 UNDER THIS ACT AND POSTSECONDARY INSTITUTIONS FOR STUDENTS
15 PARTICIPATING IN PUBLIC EDUCATION PROGRAMS FROM PRESCHOOL THROUGH
16 POSTSECONDARY EDUCATION.

17 (I) ~~(h)~~—Other functions as assigned by the state budget
18 director.

19 (2) Each state department, officer, or agency that collects
20 information from districts or intermediate districts as required
21 under state or federal law shall make arrangements with the center,
22 and with the districts or intermediate districts, to have the
23 center collect the information and to provide it to the department,
24 officer, or agency as necessary. To the extent that it does not
25 cause financial hardship, the center shall arrange to collect the
26 information in a manner that allows electronic submission of the
27 information to the center. Each affected state department, officer,



1 or agency shall provide the center with any details necessary for
2 the center to collect information as provided under this
3 subsection. This subsection does not apply to information collected
4 by the department of treasury under the uniform budgeting and
5 accounting act, 1968 PA 2, MCL 141.421 to 141.440a; the revised
6 municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821; the
7 school bond qualification, approval, and loan act, 2005 PA 92, MCL
8 388.1921 to 388.1939; or section 1351a of the revised school code,
9 MCL 380.1351a.

10 (3) The state budget director shall appoint a CEPI advisory
11 committee, consisting of the following members:

12 (a) One representative from the house fiscal agency.

13 (b) One representative from the senate fiscal agency.

14 (c) One representative from the office of the state budget
15 director.

16 (d) One representative from the state education agency.

17 (e) One representative each from the department of labor and
18 economic growth and the department of treasury.

19 (f) Three representatives from intermediate school districts.

20 (g) One representative from each of the following educational
21 organizations:

22 (i) Michigan association of school boards.

23 (ii) Michigan association of school administrators.

24 (iii) Michigan school business officials.

25 (h) One representative representing private sector firms
26 responsible for auditing school records.

27 (i) Other representatives as the state budget director

1 determines are necessary.

2 (4) The CEPI advisory committee appointed under subsection (3)
3 shall provide advice to the director of the center regarding the
4 management of the center's data collection activities, including,
5 but not limited to:

6 (a) Determining what data is necessary to collect and maintain
7 in order to perform the center's functions in the most efficient
8 manner possible.

9 (b) Defining the roles of all stakeholders in the data
10 collection system.

11 (c) Recommending timelines for the implementation and ongoing
12 collection of data.

13 (d) Establishing and maintaining data definitions, data
14 transmission protocols, and system specifications and procedures
15 for the efficient and accurate transmission and collection of data.

16 (e) Establishing and maintaining a process for ensuring the
17 reasonable accuracy of the data.

18 (f) Establishing and maintaining state and model local
19 policies related to data collection, including, but not limited to,
20 privacy policies related to individual student data.

21 (g) Ensuring the data is made available to state and local
22 policymakers and citizens of this state in the most useful format
23 possible.

24 (h) Other matters as determined by the state budget director
25 or the director of the center.

26 (5) The center may enter into any interlocal agreements
27 necessary to fulfill its functions.



1 (6) From the general fund appropriation in section 11, there
2 is allocated an amount not to exceed ~~\$2,435,400.00~~ **\$4,935,400.00**
3 for ~~2007-2008~~ **2008-2009** to the department of management and budget
4 to support the operations of the center and the development and
5 implementation of a comprehensive **LONGITUDINAL** data **COLLECTION**
6 management and ~~student tracking~~ **REPORTING** system **THAT INCLUDES**
7 **STUDENT-LEVEL DATA**. The center shall cooperate with the state
8 education agency to ensure that this state is in compliance with
9 federal law and is maximizing opportunities for increased federal
10 funding to improve education in this state. In addition, from the
11 federal funds appropriated in section 11 for ~~2007-2008~~ **2008-2009**,
12 there is allocated the amount necessary, estimated at ~~\$3,543,200.00~~
13 **\$2,793,200.00**, in order to fulfill federal reporting requirements.

14 (7) From ~~the allocation under subsection (6), there is~~
15 ~~allocated for 2007-2008 an amount to support the development and~~
16 ~~implementation of a comprehensive longitudinal educational data~~
17 ~~management and student tracking system. In addition, from the~~
18 federal funds allocated in subsection (6), there is allocated for
19 ~~2007-2008~~ **2008-2009** an amount not to exceed ~~\$1,500,000.00~~
20 **\$750,000.00** funded from the competitive grants of DED-OESE, title
21 II, educational technology funds for the purposes of this
22 subsection. Not later than November 30, ~~2007-2008~~, the department
23 shall award a single grant to an eligible partnership that includes
24 an intermediate district with at least 1 high-need local school
25 district and the center.

26 (8) The center and the department shall work cooperatively to
27 develop a cost allocation plan that pays for center expenses from



1 the appropriate federal fund revenues.

2 (9) Funds allocated under this section that are not expended
3 in the fiscal year in which they were allocated may be carried
4 forward to a subsequent fiscal year.

5 (10) The center may bill departments as necessary in order to
6 fulfill reporting requirements of state and federal law. The center
7 may also enter into agreements to supply custom data, analysis, and
8 reporting to other principal executive departments, state agencies,
9 local units of government, and other individuals and organizations.
10 The center may receive and expend funds in addition to those
11 authorized in subsection (6) to cover the costs associated with
12 salaries, benefits, supplies, materials, and equipment necessary to
13 provide such data, analysis, and reporting services.

14 (11) As used in this section:

15 (a) "DED-OESE" means the United States department of education
16 office of elementary and secondary education.

17 (b) "High-need local school district" means a local
18 educational agency as defined in the enhancing education through
19 technology part of the no child left behind act of 2001, Public Law
20 107-110.

21 (c) "State education agency" means the department.

22 Sec. 98. (1) From the state school aid fund money appropriated
23 in section 11, there is allocated an amount not to exceed
24 \$500,000.00 for ~~2007-2008-2008-2009~~ and from the general fund money
25 appropriated in section 11, there is allocated an amount not to
26 exceed \$1,750,000.00 for ~~2007-2008-2008-2009~~ to provide a grant to
27 the Michigan virtual university for the development,



1 implementation, and operation of the Michigan virtual high school;
2 to provide professional development opportunities for educators;
3 and to fund other purposes described in this section. In addition,
4 from the federal funds appropriated in section 11, there is
5 allocated for ~~2007-2008-2008-2009~~ an amount estimated at
6 ~~\$3,250,000.00~~ **\$2,700,000.00**.

7 (2) The Michigan virtual high school shall have the following
8 goals:

9 (a) Significantly expand curricular offerings for high schools
10 across this state through agreements with districts or licenses
11 from other recognized providers. The Michigan virtual high school
12 shall explore options for providing rigorous civics curricula
13 online.

14 (b) Create statewide instructional models using interactive
15 multimedia tools delivered by electronic means, including, but not
16 limited to, the internet, digital broadcast, or satellite network,
17 for distributed learning at the high school level.

18 (c) Provide pupils with opportunities to develop skills and
19 competencies through on-line learning.

20 (d) Grant high school diplomas through a dual enrollment
21 method with districts.

22 (e) Act as a broker for college level equivalent courses, as
23 defined in section 1471 of the revised school code, MCL 380.1471,
24 and dual enrollment courses from postsecondary education
25 institutions.

26 **(F) MAINTAIN THE ACCREDITATION STATUS OF THE MICHIGAN VIRTUAL**
27 **HIGH SCHOOL FROM RECOGNIZED NATIONAL AND INTERNATIONAL ACCREDITING**



1 **ENTITIES.**

2 (3) The Michigan virtual high school course offerings shall
3 include, but are not limited to, all of the following:

4 (a) Information technology courses.

5 (b) College level equivalent courses, as defined in section
6 1471 of the revised school code, MCL 380.1471.

7 (c) Courses and dual enrollment opportunities.

8 (d) Programs and services for at-risk pupils.

9 (e) General education development test preparation courses for
10 adjudicated youth.

11 (f) Special interest courses.

12 (g) Professional development programs and services for
13 teachers.

14 (4) From the federal funds allocated in subsection (1), there
15 is allocated for ~~2007-2008~~**2008-2009** an amount estimated at
16 ~~\$2,250,000.00~~**\$1,700,000.00** from DED-OESE, title II, improving
17 teacher quality funds for a grant to the Michigan virtual
18 university for the purpose of this subsection. The state education
19 agency shall sign a memorandum of understanding with the Michigan
20 virtual university regarding the DED-OESE, title II, improving
21 teacher quality funds as provided under this subsection. The
22 memorandum of understanding under this subsection shall require
23 that the Michigan virtual university coordinate the following
24 activities related to DED-OESE, title II, improving teacher quality
25 funds in accordance with federal law:

26 (a) Develop, and assist districts in the development and use
27 of, proven, innovative strategies to deliver intensive professional



1 development programs that are both cost-effective and easily
2 accessible, such as strategies that involve delivery through the
3 use of technology, peer networks, and distance learning.

4 (b) Encourage and support the training of teachers and
5 administrators to effectively integrate technology into curricula
6 and instruction.

7 (c) Coordinate the activities of eligible partnerships that
8 include higher education institutions for the purposes of providing
9 professional development activities for teachers,
10 paraprofessionals, and principals as defined in federal law.

11 (d) Offer teachers opportunities to learn new skills and
12 strategies for developing and delivering instructional services.

13 (e) Provide online professional development opportunities for
14 educators to update and expand knowledge and skills needed to
15 support the Michigan merit curriculum core content standards and
16 credit requirements.

17 (5) The Michigan virtual university shall offer at least 200
18 hours of online professional development for classroom teachers
19 under this section each fiscal year beginning in 2006-2007 without
20 charge to the teachers or to districts or intermediate districts. A
21 district or intermediate district may require a full-time teacher
22 to participate in at least 5 hours of online professional
23 development provided by the Michigan virtual university under
24 subsection (4). Five hours of this professional development shall
25 be considered to be part of the 38 hours allowed to be counted as
26 hours of pupil instruction under section 101(10).

27 (6) From the federal funds appropriated in subsection (1),



1 there is allocated for ~~2007-2008~~**2008-2009** an amount estimated at
2 \$1,000,000.00 from the DED-OESE, title II, educational technology
3 grant funds to support e-learning and virtual school initiatives
4 consistent with the goals contained in the United States national
5 educational technology plan issued in January 2005. **THESE FUNDS**
6 **SHALL BE USED TO SUPPORT ACTIVITIES DESIGNED TO BUILD THE CAPACITY**
7 **OF THE MICHIGAN VIRTUAL UNIVERSITY AND SHALL NOT BE USED TO**
8 **SUPPLANT OTHER FUNDING.** Not later than November 30, ~~2007-2008~~, from
9 the funds allocated in this subsection, the department shall award
10 a single grant of \$1,000,000.00 to a consortium or partnership
11 established by the Michigan virtual university that meets the
12 requirements of this subsection. To be eligible for this funding, a
13 consortium or partnership established by the Michigan virtual
14 university shall include at least 1 intermediate district and at
15 least 1 high-need local district. All of the following apply to
16 this funding:

17 (a) An eligible consortium or partnership must demonstrate the
18 following:

19 (i) Prior success in delivering online courses and
20 instructional services to K-12 pupils throughout this state.

21 (ii) Expertise in designing, developing, and evaluating online
22 K-12 course content.

23 (iii) Experience in maintaining a statewide help desk service
24 for pupils, online teachers, and other school personnel.

25 (iv) Knowledge and experience in providing technical assistance
26 and support to K-12 schools in the area of online education.

27 (v) Experience in training and supporting K-12 educators in



1 this state to teach online courses.

2 (vi) Demonstrated technical expertise and capacity in managing
3 complex technology systems.

4 (vii) Experience promoting twenty-first century learning skills
5 through the use of online technologies.

6 (b) The Michigan virtual university, which operates the
7 Michigan virtual high school, shall perform the following tasks
8 related to this funding:

9 (i) **STRENGTHEN ITS CAPACITY BY PURSUING ACTIVITIES, POLICIES,**
10 **AND PRACTICES THAT INCREASE THE OVERALL NUMBER OF MICHIGAN VIRTUAL**
11 **HIGH SCHOOL COURSE ENROLLMENTS AND COURSE COMPLETIONS BY AT-RISK**
12 **STUDENTS.**

13 (ii) ~~(i)~~—Examine the curricular and specific course content
14 needs of middle and high school students in the areas of
15 mathematics and science.

16 (iii) ~~(ii)~~—Design, develop, and acquire online courses and
17 related supplemental resources aligned to state standards to create
18 a comprehensive and rigorous statewide catalog of online courses
19 and instructional services.

20 (iv) ~~(iii)~~—Conduct a demonstration pilot to promote new and
21 innovative online courses and instructional services.

22 (v) ~~(iv)~~—Evaluate existing online teaching and learning
23 practices and develop continuous improvement strategies to enhance
24 student achievement.

25 (vi) ~~(v)~~—Develop, support, and maintain the technology
26 infrastructure and related software required to deliver online
27 courses and instructional services to students statewide.



(7) From the state school aid fund allocation in subsection (1), an amount not to exceed \$500,000.00 for ~~2007-2008-2008-2009~~ shall be awarded as a single grant to an intermediate district working in partnership with the Michigan virtual high school for a statewide license for "my dream explorer", a career exploration and planning tool, to be made available to all pupils at no cost. **THE MICHIGAN VIRTUAL HIGH SCHOOL SHALL WORK COLLABORATIVELY WITH THE DEPARTMENT, THE PRESIDENTS COUNCIL OF STATE UNIVERSITIES OF MICHIGAN, THE MICHIGAN COMMUNITY COLLEGE ASSOCIATION, THE ASSOCIATION OF INDEPENDENT COLLEGES AND UNIVERSITIES OF MICHIGAN, AND THE APPROPRIATE K-12 EDUCATION ORGANIZATIONS TO DEVELOP A COMPREHENSIVE OUTREACH AND COMMUNICATIONS PLAN THAT PROVIDES PARENTS AND STUDENTS WITH ACCESS TO ONLINE RESOURCES DESIGNED TO INCREASE POSTSECONDARY ENROLLMENTS AND PROVIDE CURRENT INFORMATION RELATED TO CAREER PLANNING, COLLEGE SELECTION, FINANCIAL AID, AND DUAL ENROLLMENT OPPORTUNITIES.**

(8) If a home-schooled or nonpublic school student is a resident of a district that subscribes to services provided by the Michigan virtual high school, the student may use the services provided by the Michigan virtual high school to the district without charge to the student beyond what is charged to a district pupil using the same services.

(9) **NOT LATER THAN DECEMBER 1, 2008, THE MICHIGAN VIRTUAL UNIVERSITY SHALL PROVIDE A REPORT TO THE HOUSE AND SENATE APPROPRIATIONS SUBCOMMITTEES ON STATE SCHOOL AID, THE STATE BUDGET DIRECTOR, THE HOUSE AND SENATE FISCAL AGENCIES, AND THE DEPARTMENT THAT INCLUDES AT LEAST ALL OF THE FOLLOWING INFORMATION RELATED TO**



1 THE MICHIGAN VIRTUAL HIGH SCHOOL FOR THE PRECEDING STATE FISCAL
2 YEAR:

3 (A) A LIST OF THE MICHIGAN SCHOOLS SERVED BY THE MICHIGAN
4 VIRTUAL HIGH SCHOOL.

5 (B) A LIST OF ONLINE COURSE TITLES AVAILABLE TO MICHIGAN
6 SCHOOLS.

7 (C) THE TOTAL NUMBER OF ONLINE COURSE ENROLLMENTS AND
8 INFORMATION ON REGISTRATIONS AND COMPLETIONS BY COURSE.

9 (D) THE OVERALL COURSE COMPLETION RATE PERCENTAGE.

10 (E) A SUMMARY OF DED-OESE TITLE IIA, TEACHER QUALITY GRANT AND
11 DED-OESE TITLE IID, EDUCATION TECHNOLOGY GRANT EXPENDITURES.

12 (F) IDENTIFICATION OF UNMET EDUCATIONAL NEEDS THAT COULD BE
13 ADDRESSED BY THE MICHIGAN VIRTUAL HIGH SCHOOL.

14 (G) THE TOTAL NUMBER OF ACTIVE USERS OF "MY DREAM EXPLORER"
15 FUNDED UNDER SUBSECTION (7).

16 (10) ~~(9)~~ As used in this section:

17 (a) "DED-OESE" means the United States department of education
18 office of elementary and secondary education.

19 (b) "High-need local district" means a local educational
20 agency as defined in the enhancing education through technology
21 part of the no child left behind act of 2001, Public Law 107-110.

22 (c) "State education agency" means the department.

23 Sec. 99. (1) From the state school aid fund money appropriated
24 in section 11, there is allocated an amount not to exceed
25 \$3,390,000.00 for ~~2007-2008-2008-2009~~ and from the general fund
26 appropriation in section 11, there is allocated an amount not to
27 exceed \$110,000.00 for ~~2007-2008-2008-2009~~ for implementing the



1 comprehensive master plan for mathematics and science centers
2 developed by the department and approved by the state board, and
3 for other purposes as described in this section. In addition, from
4 the federal funds appropriated in section 11, there is allocated
5 for ~~2007-2008-2008-2009~~ an amount estimated at ~~\$4,456,000.00~~
6 **\$5,249,300.00** from DED-OESE, title II, mathematics and science
7 partnership grants.

8 (2) Within a service area designated locally, approved by the
9 department, and consistent with the master plan described in
10 subsection (1), an established mathematics and science center shall
11 address 2 or more of the following 6 basic services, as described
12 in the master plan, to constituent districts and communities:
13 leadership, pupil services, curriculum support, community
14 involvement, professional development, and resource clearinghouse
15 services.

16 (3) The department shall not award a state grant under this
17 section to more than 1 mathematics and science center located in a
18 designated region as prescribed in the 2007 master plan unless each
19 of the grants serves a distinct target population or provides a
20 service that does not duplicate another program in the designated
21 region.

22 (4) As part of the technical assistance process, the
23 department shall provide minimum standard guidelines that may be
24 used by the mathematics and science center for providing fair
25 access for qualified pupils and professional staff as prescribed in
26 this section.

27 (5) Allocations under this section to support the activities



1 and programs of mathematics and science centers shall be continuing
2 support grants to all 33 established mathematics and science
3 centers. Each established mathematics and science center that was
4 funded in ~~2006-2007~~**2007-2008** shall receive state funding in an
5 amount equal to 100% of the amount it was allocated under this
6 subsection for ~~2006-2007~~**2007-2008**. If a center declines state
7 funding or a center closes, the remaining money available under
8 this section shall be distributed ~~on a pro-rata basis~~ to the
9 remaining centers, as determined by the department.

10 (6) From the funds allocated in subsection (1), there is
11 allocated for ~~2007-2008~~**2008-2009** an amount not to exceed
12 \$1,000,000.00 in a form and manner determined by the department to
13 those centers able to provide curriculum and professional
14 development support to assist districts in implementing the
15 Michigan merit curriculum components for mathematics and science.
16 Funding under this subsection is in addition to funding allocated
17 under subsection (5).

18 (7) In order to receive state funds under this section, a
19 grant recipient shall allow access for the department or the
20 department's designee to audit all records related to the program
21 for which it receives such funds. The grant recipient shall
22 reimburse the state for all disallowances found in the audit.

23 (8) Not later than September 30, ~~2008~~**2013**, the department
24 shall reevaluate and update the comprehensive master plan described
25 in subsection (1).

26 (9) The department shall give preference in awarding the
27 federal grants allocated in subsection (1) to eligible existing



1 mathematics and science centers.

2 (10) In order to receive state funds under this section, a
3 grant recipient shall provide at least a 10% local match from local
4 public or private resources for the funds received under this
5 section.

6 (11) As used in this section:

7 (a) "DED" means the United States department of education.

8 (b) "DED-OESE" means the DED office of elementary and
9 secondary education.

10 SEC. 99A. (1) FROM THE STATE SCHOOL AID FUND MONEY
11 APPROPRIATED IN SECTION 11, THERE IS ALLOCATED AN AMOUNT NOT TO
12 EXCEED \$725,000.00 FOR 2008-2009 FOR GRANTS UNDER THIS SECTION.

13 (2) FROM THE FUNDS ALLOCATED UNDER SUBSECTION (1), THERE IS
14 ALLOCATED FOR 2008-2009 AN AMOUNT NOT TO EXCEED \$725,000.00 FOR
15 PILOT GRANTS TO MATHEMATICS AND SCIENCE CENTERS FUNDED UNDER
16 SECTION 99 THAT ARE SELECTED BY THE MATHEMATICS AND SCIENCE NETWORK
17 IN CONJUNCTION WITH THE MICHIGAN VIRTUAL UNIVERSITY TO DEVELOP AND
18 IMPLEMENT PILOT PROGRAMS FOR AFTER-SCHOOL AND SUMMER MATHEMATICS
19 FOR EIGHTH GRADE STUDENTS, TO BE MADE AVAILABLE TO UP TO 5,000
20 EIGHTH GRADE STUDENTS IN THIS STATE WHO HAVE EXPERIENCED ACADEMIC
21 DIFFICULTY IN MATHEMATICS. THE PILOT PROGRAMS SHALL MAKE USE OF
22 HIGHLY QUALIFIED ONLINE MATHEMATICS COACHES AND TUTORS, ALONG WITH
23 A ROBUST ONLINE DIAGNOSTIC TOOL AND SHALL PRESENT ENGAGING,
24 RESEARCH-BASED PRESCRIPTIVE MULTIMEDIA CONTENT. THE GOALS OF THE
25 PILOT PROGRAMS SHALL BE TO DO AT LEAST ALL OF THE FOLLOWING:

26 (A) EXPAND ACCESS TO ENGAGING ONLINE TEACHING AND LEARNING
27 RESOURCES IN MATHEMATICS.



1 (B) PROVIDE STUDENTS WITH ALTERNATIVE LEARNING OPTIONS THAT
2 ARE RELEVANT AND ENGAGING.

3 (C) IMPROVE THE LIKELIHOOD OF STUDENT SUCCESS WITH THE
4 MICHIGAN HIGH SCHOOL GRADUATION REQUIREMENTS IN MATHEMATICS.

5 (3) GRANT FUNDS AWARDED UNDER THIS SECTION ARE INTENDED TO BE
6 FOR THE FIRST YEAR OF 3 YEARS OF FUNDING.

7 (4) NOTWITHSTANDING SECTION 17B, PAYMENTS UNDER THIS SECTION
8 MAY BE MADE PURSUANT TO AN AGREEMENT WITH THE DEPARTMENT.

9 Sec. 99e. (1) From the funds appropriated in section 11, there
10 is allocated the amount of \$125,000.00 for ~~2007-2008~~ 2008-2009 to a
11 district that meets all of the following requirements:

12 (a) The district's membership increased by at least 20%
13 between 2004-2005 and 2005-2006.

14 (b) At least 60% of the pupils in the district were eligible
15 for free or reduced lunch for 2005-2006.

16 (c) The district levies at least 10 mills for the purpose of
17 debt retirement.

18 (d) The district had an emergency financial manager in place
19 during 2004-2005.

20 (2) The funds allocated under subsection (1) shall be used to
21 supplement the district's operational funds as compensation for
22 having received a reduced foundation allowance due to proration
23 while having had an emergency financial manager in place.

24 (3) The funds appropriated in this section shall be awarded
25 for 3 consecutive years beginning with 2006-2007 in a form and
26 manner approved by the department.

27 (4) Notwithstanding section 17b, payments under this section



1 may be made pursuant to an agreement with the department.

2 Sec. 99i. (1) From the funds appropriated in section 11, there
3 is allocated the amount of \$300,000.00 for ~~2007-2008~~**2008-2009** to a
4 district that meets all of the following requirements:

5 (a) The district's membership is greater than 9,000 pupils.

6 (b) At least 60% of the pupils in the district were eligible
7 for free or reduced lunch for 2005-2006.

8 (c) The district's foundation allowance for 2006-2007 was less
9 than \$7,310.00.

10 (2) Funds allocated to a district under this section shall be
11 used to expand the school-based crisis intervention project that
12 received funds in 2005-2006 under section 304 of 2005 PA 147.

13 (3) Notwithstanding section 17b, payments under this section
14 may be made pursuant to an agreement with the department.

15 Sec. 99j. (1) From the funds appropriated in section 11, there
16 is allocated an amount not to exceed ~~\$500,000.00~~**\$1,500,000.00 FOR**
17 **2008-2009** for pilot programs as provided for under this section.

18 (2) From the funds allocated under subsection (1), the
19 department shall award ~~\$350,000.00~~**\$1,050,000.00 FOR 2008-2009** for
20 demonstration projects in science and math instruction. The
21 projects shall showcase differentiated instruction and the
22 integration of technology as a learning tool. These funds shall be
23 allocated to a district that meets all of the following:

24 (a) The district is located in a county that includes a
25 district that is a school district of the first class.

26 (b) The district had a 2006 taxable value per pupil for
27 property that is not a principal residence or qualified



1 agricultural property of less than \$100,000.00.

2 (c) The district had a 2006-2007 pupil membership greater than
3 8,500 and less than 9,000.

4 (3) From the funds allocated under subsection (1), the
5 department shall award ~~\$150,000.00~~ **\$450,000.00 FOR 2008-2009** for
6 initiatives to increase opportunities for academically talented
7 students, to implement a districtwide improvement initiative, and
8 to implement positive behavior support programs. These funds shall
9 be allocated to a district that meets all of the following:

10 (a) The district is located in a county that includes a
11 district that is a school district of the first class.

12 (b) The district had a 2006 taxable value per pupil for
13 property that is not a principal residence or qualified
14 agricultural property of less than \$100,000.00.

15 (c) The district had a 2006-2007 pupil membership greater than
16 1,000 and less than 1,500.

17 (4) Notwithstanding section 17b, payments under this section
18 may be made pursuant to an agreement with the department.

19 (5) As used in this section, "principal residence" and
20 "qualified agricultural property" mean those terms as defined in
21 section 1211 of the revised school code, MCL 380.1211.

22 Sec. 99k. (1) From the funds appropriated in section 11, there
23 is allocated an amount not to exceed ~~\$1,950,000.00 for 2007-2008~~
24 **\$850,000.00 FOR 2008-2009** for payments to districts under this
25 section.

26 (2) From the allocation under subsection (1), there is
27 allocated the amount of \$250,000.00 for ~~2007-2008 only~~ **2008-2009** to



1 a district that levied 4.87 mills in 1993 to finance an operating
2 deficit.

3 (3) From the allocation under subsection (1), there is
4 allocated the amount of ~~\$400,000.00~~ **\$150,000.00** for ~~2007-2008 only~~
5 **2008-2009** to a district in which 4.91 mills levied in 1992 for
6 school operating purposes in the 1992-1993 school year were not
7 renewed in 1993 for school operating purposes in the 1993-1994
8 school year.

9 ~~—— (4) From the allocation under subsection (1), there is~~
10 ~~allocated the amount of \$400,000.00 for 2007-2008 only to a~~
11 ~~district that levied 1.8 mills in 1993 to finance an operating~~
12 ~~deficit.~~

13 (4) ~~(5)~~ From the allocation under subsection (1), there is
14 allocated the amount of ~~\$900,000.00~~ **\$450,000.00** for ~~2007-2008 only~~
15 **2008-2009** to a district that meets all of the following:

16 (a) The district is located in a county that includes a
17 district that is a school district of the first class.

18 (b) The district had a 2006 taxable value per pupil for
19 property that is not a principal residence or qualified
20 agricultural property of less than \$100,000.00.

21 (c) The district had a 2006-2007 pupil membership greater than
22 3,500 and less than 4,500.

23 (d) The district had a 2005-2006 operating deficit, as
24 determined by the department, greater than 10%.

25 (5) ~~(6)~~ Notwithstanding section 17b, payments under this
26 section may be made pursuant to an agreement with the department.

27 (6) ~~(7)~~ As used in this section, "principal residence" and



1 "qualified agricultural property" mean those terms as defined in
2 section 1211 of the revised school code, MCL 380.1211.

3 Sec. 99p. (1) From the appropriation in section 11, there is
4 allocated an amount not to exceed \$100,000.00 for ~~2007-2008-2008-~~
5 ~~2009~~ for competitive grants to districts for programs that provide
6 pupils with access to cultural, art, or music resources and
7 experiences that are available in the community and that may
8 promote reading, literacy, and communications skills among pupils.

9 (2) A district applying for a grant shall submit an
10 application to the department in a form and manner determined by
11 the department. To be eligible for a grant, a district shall
12 demonstrate in its application that at least 50% of the pupils in
13 membership in the district met the income eligibility criteria for
14 free breakfast, lunch, or milk, as determined under the Richard B.
15 Russell national school lunch act and as reported to the department
16 by October 31 of the immediately preceding fiscal year and adjusted
17 not later than December 31 of the immediately preceding fiscal
18 year.

19 (3) Grant awards shall be made in a manner determined by the
20 department. However, the department may set maximum grant amounts
21 in a manner that maximizes the number of pupils that will be able
22 to participate.

23 (4) Notwithstanding section 17b, payments to eligible
24 districts under this section shall be paid on a schedule determined
25 by the department.

26 Sec. 104. (1) From the state school aid fund money
27 appropriated in section 11, there is allocated for ~~2007-2008-2008-~~



1 **2009** an amount not to exceed ~~\$29,322,400.00~~ **\$28,872,800.00** for
2 payments on behalf of districts for costs associated with complying
3 with sections 104a and 104b, sections **1278A, 1278B**, 1279, 1279g,
4 and 1280b of the revised school code, MCL **380.1278A, 380.1278B**,
5 380.1279, 380.1279g, and 380.1280b, and 1970 PA 38, MCL 388.1081 to
6 388.1086. In addition, from the federal funds appropriated in
7 section 11, there is allocated for ~~2007-2008~~ **2008-2009** an amount
8 estimated at ~~\$5,477,600.00~~ **\$8,512,900.00**, funded from DED-OESE,
9 title VI, state assessments funds and DED-OSERS, section 504 of
10 part B of the individuals with disabilities education act, Public
11 Law 94-142, plus any carryover federal funds from previous year
12 appropriations, for the purposes of complying with the federal no
13 child left behind act of 2001, Public Law 107-110.

14 (2) The results of each test administered as part of the
15 Michigan educational assessment program, including tests
16 administered to high school students, shall include an item
17 analysis that lists all items that are counted for individual pupil
18 scores and the percentage of pupils choosing each possible
19 response.

20 (3) All federal funds allocated under this section shall be
21 distributed in accordance with federal law and with flexibility
22 provisions outlined in Public Law 107-116, and in the education
23 flexibility partnership act of 1999, Public Law 106-25.

24 (4) Notwithstanding section 17b, payments on behalf of
25 districts, intermediate districts, and other eligible entities
26 under this section shall be paid on a schedule determined by the
27 department.



1 (5) AS USED IN THIS SECTION:

2 (A) "DED" MEANS THE UNITED STATES DEPARTMENT OF EDUCATION.

3 (B) "DED-OESE" MEANS THE DED OFFICE OF ELEMENTARY AND
4 SECONDARY EDUCATION.

5 (C) "DED-OSERS" MEANS THE DED OFFICE OF SPECIAL EDUCATION AND
6 REHABILITATIVE SERVICES.

7 Sec. 104b. (1) ~~Beginning in the 2006 calendar year, in~~ IN
8 order to receive state aid under this act, a district shall comply
9 with this section and shall administer the ~~state assessments under~~
10 ~~section 1279 or the~~ Michigan merit examination to pupils in grade
11 11, AND TO PUPILS IN GRADE 12 WHO DID NOT TAKE THE COMPLETE
12 MICHIGAN MERIT EXAMINATION IN GRADE 11, as provided in this
13 section. ~~as follows:~~

14 ~~—— (a) For pupils in grade 11 in the 2005-2006 school year, the~~
15 ~~provisions concerning state assessments under section 104a apply to~~
16 ~~all pupils in grade 11 and the Michigan merit examination shall be~~
17 ~~administered to a sample of pupils in grade 11 statewide, as~~
18 ~~identified by the department. The pupils to be included in this~~
19 ~~sample shall be determined by the department as the department~~
20 ~~determines necessary to seek the approval of the United States~~
21 ~~department of education to use the Michigan merit examination for~~
22 ~~the purposes of the federal no child left behind act of 2001,~~
23 ~~Public Law 107-110.~~

24 ~~—— (b) Subject to subdivision (c), for pupils in grade 11 in the~~
25 ~~2006-2007 school year and subsequent school years, the Michigan~~
26 ~~merit examination shall be offered to all pupils in grade 11.~~

27 ~~—— (c) If the United States department of education has not~~



~~approved the use of the Michigan merit examination for the purposes of the federal no child left behind act of 2001, Public Law 107-110, by December 31, 2006, all of the following apply:~~

~~—— (i) The provisions concerning state assessments under section 104a shall continue to apply to all pupils in grade 11 until the next calendar year that begins after that approval occurs.~~

~~—— (ii) The Michigan merit examination shall be offered to all pupils in grade 11 beginning in the next calendar year that begins after that approval occurs.~~

~~—— (iii) If it is necessary as part of the process of continuing to seek the approval of the United States department of education to use the Michigan merit examination for the purposes of the federal no child left behind act of 2001, Public Law 107-110, the department may again provide for the administration of both the state assessments under section 104a and the Michigan merit examination to a sample of pupils in grade 11 statewide as described in subdivision (a).~~

~~—— (2) The department shall take all steps necessary, including, but not limited to, conducting a content alignment study and statistical analyses, to obtain the approval of the United States department of education to use the Michigan merit examination for the purposes of the federal no child left behind act of 2001, Public Law 107-110, by not later than December 31, 2006 or as soon thereafter as possible.~~

~~(2) (3)~~ For the purposes of this section, the department of management and budget shall contract with 1 or more providers to develop, supply, and score the Michigan merit examination. The



1 Michigan merit examination shall consist of all of the following:

2 (a) Assessment instruments that measure English language arts,
3 mathematics, reading, and science and are used by colleges and
4 universities in this state for entrance or placement purposes. **THIS**
5 **SHALL INCLUDE A WRITING COMPONENT IN WHICH THE PUPIL PRODUCES AN**
6 **EXTENDED WRITING SAMPLE. THE MICHIGAN MERIT EXAMINATION SHALL NOT**
7 **REQUIRE ANY OTHER EXTENDED WRITING SAMPLE.**

8 (b) One or more tests from 1 or more test developers that
9 assess a pupil's ability to apply **AT LEAST** reading and mathematics
10 skills in a manner that is intended to allow employers to use the
11 results in making employment decisions. **THE DEPARTMENT OF**
12 **MANAGEMENT AND BUDGET AND THE SUPERINTENDENT SHALL ENSURE THAT ANY**
13 **TEST OR TESTS SELECTED UNDER THIS SUBDIVISION HAVE ALL THE**
14 **COMPONENTS NECESSARY TO ALLOW A PUPIL TO BE ELIGIBLE TO RECEIVE THE**
15 **RESULTS OF A NATIONALLY RECOGNIZED EVALUATION OF WORKFORCE**
16 **READINESS IF THE PUPIL'S TEST PERFORMANCE IS ADEQUATE.**

17 (c) A social studies component.

18 (d) Any other component that is necessary to obtain the
19 approval of the United States department of education to use the
20 Michigan merit examination for the purposes of the federal no child
21 left behind act of 2001, Public Law 107-110.

22 **(3) ~~(4)~~**In addition to all other requirements of this section,
23 all of the following apply to the Michigan merit examination:

24 (a) The department of management and budget and the
25 superintendent shall ensure that any contractor used for scoring
26 the Michigan merit examination supplies an individual report for
27 each pupil that will identify for the pupil's parents and teachers



1 whether the pupil met expectations or failed to meet expectations
2 for each standard, to allow the pupil's parents and teachers to
3 assess and remedy problems before the pupil moves to the next
4 grade.

5 (b) The department of management and budget and the
6 superintendent shall ensure that any contractor used for scoring,
7 developing, or processing the Michigan merit examination meets
8 quality management standards commonly used in the assessment
9 industry, including at least meeting level 2 of the capability
10 maturity model developed by the software engineering institute of
11 Carnegie Mellon university for the first year the Michigan merit
12 examination is offered to all grade 11 pupils and at least meeting
13 level 3 of the capability maturity model for subsequent years.

14 (c) The department of management and budget and the
15 superintendent shall ensure that any contract for scoring,
16 administering, or developing the Michigan merit examination
17 includes specific deadlines for all steps of the assessment
18 process, including, but not limited to, deadlines for the correct
19 testing materials to be supplied to schools and for the correct
20 results to be returned to schools, and includes penalties for
21 noncompliance with these deadlines.

22 (d) The superintendent shall ensure that the Michigan merit
23 examination meets all of the following:

24 (i) Is designed to test pupils on grade level content
25 expectations or course content expectations, as appropriate, in all
26 subjects tested.

27 (ii) Complies with requirements of the no child left behind act



1 of 2001, Public Law 107-110.

2 (iii) Is consistent with the code of fair testing practices in
3 education prepared by the joint committee on testing practices of
4 the American psychological association.

5 (iv) Is factually accurate. If the superintendent determines
6 that a question is not factually accurate and should be ~~removed~~
7 **EXCLUDED** from ~~an assessment instrument~~ **SCORING**, the state board and
8 the superintendent shall ensure that the question is ~~removed~~
9 **EXCLUDED** from ~~the assessment instrument~~ **SCORING**.

10 (4) ~~(5) Beginning with pupils completing grade 11 in 2006, a A~~
11 district shall include on each pupil's high school transcript all
12 of the following:

13 (a) For each high school graduate who has completed the
14 Michigan merit examination under this section, the pupil's scaled
15 score on each subject area component of the Michigan merit
16 examination.

17 (b) The number of school days the pupil was in attendance at
18 school each school year during high school and the total number of
19 school days in session for each of those school years.

20 (5) ~~(6)~~ The superintendent shall work with the provider or
21 providers of the Michigan merit examination to produce Michigan
22 merit examination subject area scores for each pupil participating
23 in the Michigan merit examination, including scaling and merging of
24 test items for the different subject area components. The
25 superintendent shall design and distribute to districts,
26 intermediate districts, and nonpublic schools a simple and concise
27 document that describes the scoring for each subject area and

1 indicates the scaled score ranges for each subject area.

2 (6) ~~(7)~~ The Michigan merit examination shall be administered
3 each year after March 1 and before June 1 to pupils in grade 11.
4 The superintendent shall ensure that the Michigan merit examination
5 is scored and the scores are returned to pupils, their parents or
6 legal guardians, and districts not later than the beginning of the
7 pupil's first semester of grade 12. The returned scores shall
8 indicate at least the pupil's scaled score for each subject area
9 component and the range of scaled scores for each subject area. In
10 reporting the scores to pupils, parents, and schools, the
11 superintendent shall provide standards-specific, meaningful, and
12 timely feedback on the pupil's performance on the Michigan merit
13 examination.

14 ~~—— (8) A pupil who does not qualify for a Michigan merit award~~
15 ~~scholarship under the Michigan merit award scholarship act, 1999 PA~~
16 ~~94, MCL 390.1451 to 390.1459, and who wants to repeat the Michigan~~
17 ~~merit examination may repeat the Michigan merit examination in the~~
18 ~~next school year on a designated testing date. The first time a~~
19 ~~pupil repeats the Michigan merit examination under this subsection~~
20 ~~shall be without charge to the pupil, but the pupil is responsible~~
21 ~~for paying the cost of any subsequent repeat.~~

22 (7) A DISTRICT SHALL ADMINISTER THE COMPLETE MICHIGAN MERIT
23 EXAMINATION TO A PUPIL ONLY ONCE AND SHALL NOT ADMINISTER THE
24 COMPLETE MICHIGAN MERIT EXAMINATION TO THE SAME PUPIL MORE THAN
25 ONCE. IF A PUPIL DOES NOT TAKE THE COMPLETE MICHIGAN MERIT
26 EXAMINATION IN GRADE 11, THE DISTRICT SHALL ADMINISTER THE COMPLETE
27 MICHIGAN MERIT EXAMINATION TO THE PUPIL IN GRADE 12. IF A PUPIL



1 CHOOSES TO RETAKE THE COLLEGE ENTRANCE EXAMINATION COMPONENT OF THE
2 MICHIGAN MERIT EXAMINATION, AS DESCRIBED IN SUBSECTION (2)(A), THE
3 PUPIL MAY DO SO THROUGH THE PROVIDER OF THE COLLEGE ENTRANCE
4 EXAMINATION COMPONENT AND THE COST OF THE RETAKE IS THE
5 RESPONSIBILITY OF THE PUPIL UNLESS ALL OF THE FOLLOWING ARE MET:

6 (A) THE PUPIL HAS TAKEN THE COMPLETE MICHIGAN MERIT
7 EXAMINATION.

8 (B) THE PUPIL DID NOT QUALIFY FOR A MICHIGAN PROMISE GRANT
9 UNDER SECTION 6 OF THE MICHIGAN PROMISE GRANT ACT, 2006 PA 479, MCL
10 390.1626, BASED ON THE PUPIL'S PERFORMANCE ON THE COMPLETE MICHIGAN
11 MERIT EXAMINATION.

12 (C) THE PUPIL MEETS THE INCOME ELIGIBILITY CRITERIA FOR FREE
13 BREAKFAST, LUNCH, OR MILK, AS DETERMINED UNDER THE RICHARD B.
14 RUSSELL NATIONAL SCHOOL LUNCH ACT, 42 USC 1751 TO 1769I.

15 (D) THE PUPIL HAS APPLIED TO THE PROVIDER OF THE COLLEGE
16 ENTRANCE EXAMINATION COMPONENT FOR A SCHOLARSHIP OR FEE WAIVER TO
17 COVER THE COST OF THE RETAKE AND THAT APPLICATION HAS BEEN DENIED.

18 (E) AFTER TAKING THE COMPLETE MICHIGAN MERIT EXAMINATION, THE
19 PUPIL HAS NOT ALREADY RECEIVED A FREE RETAKE OF THE COLLEGE
20 ENTRANCE EXAMINATION COMPONENT PAID FOR EITHER BY THIS STATE OR
21 THROUGH A SCHOLARSHIP OR FEE WAIVER BY THE PROVIDER.

22 (8) ~~(9)~~—The superintendent shall ensure that the length of the
23 Michigan merit examination and the combined total time necessary to
24 administer all of the components of the Michigan merit examination
25 are the shortest possible that will still maintain the degree of
26 reliability and validity of the Michigan merit examination results
27 determined necessary by the superintendent. The superintendent



1 shall ensure that the maximum total combined length of time that
2 schools are required to set aside for ~~administration of all of the~~
3 ~~components of~~ **PUPILS TO ANSWER ALL TEST QUESTIONS ON** the Michigan
4 merit examination does not exceed 8 hours **IF THE SUPERINTENDENT**
5 **DETERMINES THAT SUFFICIENT ALIGNMENT TO APPLICABLE MICHIGAN MERIT**
6 **CURRICULUM CONTENT STANDARDS CAN BE ACHIEVED WITHIN THAT TIME**
7 **LIMIT.**

8 (9) ~~(10)~~ A district shall provide accommodations to a pupil
9 with disabilities for the Michigan merit examination, as provided
10 under section 504 of title V of the rehabilitation act of 1973, 29
11 USC 794; subtitle A of title II of the Americans with disabilities
12 act of 1990, 42 USC 12131 to 12134; the individuals with
13 disabilities education act amendments of 1997, Public Law 105-17;
14 and the implementing regulations for those statutes. The provider
15 or providers of the Michigan merit examination and the
16 superintendent shall mutually agree upon the accommodations to be
17 provided under this subsection.

18 (10) ~~(11)~~ To the greatest extent possible, the Michigan merit
19 examination shall be based on grade level content expectations or
20 course content expectations, as appropriate. **NOT LATER THAN JULY 1,**
21 **2008, THE DEPARTMENT SHALL IDENTIFY SPECIFIC GRADE LEVEL CONTENT**
22 **EXPECTATIONS TO BE TAUGHT BEFORE AND AFTER THE MIDDLE OF GRADE 11,**
23 **SO THAT TEACHERS WILL KNOW WHAT CONTENT WILL BE COVERED WITHIN THE**
24 **MICHIGAN MERIT EXAMINATION.**

25 (11) ~~(12)~~ A child who is a student in a nonpublic school or
26 home school may take the Michigan merit examination under this
27 section. To take the Michigan merit examination, a child who is a



1 student in a home school shall contact the district in which the
2 child resides, and that district shall administer the Michigan
3 merit examination, or the child may take the Michigan merit
4 examination at a nonpublic school if allowed by the nonpublic
5 school. Upon request from a nonpublic school, the superintendent
6 shall direct the provider or providers to supply the Michigan merit
7 examination to the nonpublic school and the nonpublic school may
8 administer the Michigan merit examination. If a district
9 administers the Michigan merit examination under this subsection to
10 a child who is not enrolled in the district, the scores for that
11 child are not considered for any purpose to be scores of a pupil of
12 the district.

13 (12) ~~(13)~~—In contracting under subsection ~~(3)~~ (2), the
14 department of management and budget shall consider a contractor
15 that provides electronically-scored essays with the ability to
16 score constructed response feedback in multiple languages and
17 provide ongoing instruction and feedback.

18 (13) ~~(14)~~—The purpose of the Michigan merit examination is to
19 assess pupil performance in mathematics, science, social studies,
20 and English language arts for the purpose of improving academic
21 achievement and establishing a statewide standard of competency.
22 The assessment under this section provides a common measure of data
23 that will contribute to the improvement of Michigan schools'
24 curriculum and instruction by encouraging alignment with Michigan's
25 curriculum framework standards and promotes pupil participation in
26 higher level mathematics, science, social studies, and English
27 language arts courses. These standards are based upon the

1 expectations of what pupils should learn through high school and
2 are aligned with national standards.

3 (14) ~~(15)~~—As used in this section:

4 (a) "English language arts" means reading and writing.

5 (b) "Social studies" means United States history, world
6 history, world geography, economics, and American government.

7 Sec. 105. (1) In order to avoid a penalty under this section,
8 and in order to count a nonresident pupil residing within the same
9 intermediate district in membership without the approval of the
10 pupil's district of residence, a district shall comply with this
11 section.

12 (2) Except as otherwise provided in this section, a district
13 shall determine whether or not it will accept applications for
14 enrollment by nonresident applicants residing within the same
15 intermediate district for the next school year. If the district
16 determines to accept applications for enrollment of a number of
17 nonresidents, beyond those entitled to preference under this
18 section, the district shall use the following procedures for
19 accepting applications from and enrolling nonresidents:

20 (a) The district shall publish the grades, schools, and
21 special programs, if any, for which enrollment may be available to,
22 and for which applications will be accepted from, nonresident
23 applicants residing within the same intermediate district.

24 (b) If the district has a limited number of positions
25 available for nonresidents residing within the same intermediate
26 district in a grade, school, or program, all of the following apply
27 to accepting applications for and enrollment of nonresidents in

1 that grade, school, or program:

2 (i) The district shall do all of the following not later than
3 the second Friday in August:

4 (A) Provide notice to the general public that applications
5 will be taken for a ~~15-day~~ period **OF AT LEAST 15 CALENDAR DAYS BUT**
6 **NOT MORE THAN 30 CALENDAR DAYS** from nonresidents residing within
7 the same intermediate district for enrollment in that grade,
8 school, or program. The notice shall identify the ~~15-day~~ **DATES OF**
9 **THE APPLICATION** period and the place and manner for submitting
10 applications.

11 (B) During the application period under sub-subparagraph (A),
12 accept applications from nonresidents residing within the same
13 intermediate district for enrollment in that grade, school, or
14 program.

15 (C) Within 15 **CALENDAR** days after the end of the application
16 period under sub-subparagraph (A), using the procedures and
17 preferences required under this section, determine which
18 nonresident applicants will be allowed to enroll in that grade,
19 school, or program, using the random draw system required under
20 subsection (14) as necessary, and notify the parent or legal
21 guardian of each nonresident applicant of whether or not the
22 applicant may enroll in the district. The notification to parents
23 or legal guardians of nonresident applicants accepted for
24 enrollment shall contain notification of the date by which the
25 applicant must enroll in the district and procedures for
26 enrollment. **THE DATE FOR ENROLLMENT SHALL BE NO LATER THAN THE END**
27 **OF THE FIRST WEEK OF SCHOOL.**



(ii) Beginning on the third Monday in August and not later than the end of the first week of school, if any positions become available in a grade, school, or program due to accepted applicants failing to enroll or to more positions being added, the district may enroll nonresident applicants from the waiting list maintained under subsection (14), offering enrollment in the order that applicants appear on the waiting list. If there are still positions available after enrolling all applicants from the waiting list who desire to enroll, the district may not fill those positions until the second semester **OR TRIMESTER** enrollment under subsection (3), as provided under that subsection, or until the next school year.

(c) For a grade, school, or program that has an unlimited number of positions available for nonresidents residing within the same intermediate district, all of the following apply to enrollment of nonresidents in that grade, school, or program:

(i) The district may accept applications for enrollment in that grade, school, or program, and may enroll nonresidents residing within the same intermediate district in that grade, school, or program, until the end of the first week of school. The district shall provide notice to the general public of the place and manner for submitting applications and, if the district has a limited application period, the notice shall include the dates of the application period. The application period shall be at least a ~~15-~~ **day-15-CALENDAR-DAY** period.

(ii) Not later than the end of the first week of school, the district shall notify the parent or legal guardian of each nonresident applicant who is accepted for enrollment that the



1 applicant has been accepted for enrollment in the grade, school, or
2 program and of ~~the date by which the applicant must enroll in the~~
3 ~~district and the procedures for enrollment.~~ **THE DATE FOR ENROLLMENT**
4 **SHALL BE NO LATER THAN THE END OF THE FIRST WEEK OF SCHOOL.**

5 (3) If a district determines during the first semester **OR**
6 **TRIMESTER** of a school year that it has positions available for
7 enrollment of a number of nonresidents residing within the same
8 intermediate district, beyond those entitled to preference under
9 this section, for the second semester **OR TRIMESTER** of the school
10 year, the district may accept applications from and enroll
11 nonresidents residing within the same intermediate district for the
12 second semester **OR TRIMESTER** using the following procedures:

13 (a) Not later than 2 weeks before the end of the first
14 semester **OR TRIMESTER**, the district shall publish the grades,
15 schools, and special programs, if any, for which enrollment for the
16 second semester **OR TRIMESTER** may be available to, and for which
17 applications will be accepted from, nonresident applicants residing
18 within the same intermediate district.

19 (b) During the last 2 weeks of the first semester **OR**
20 **TRIMESTER**, the district shall accept applications from nonresidents
21 residing within the same intermediate district for enrollment for
22 the second semester **OR TRIMESTER** in the available grades, schools,
23 and programs.

24 (c) By the beginning of the second semester **OR TRIMESTER**,
25 using the procedures and preferences required under this section,
26 the district shall determine which nonresident applicants will be
27 allowed to enroll in the district for the second semester **OR**

1 **TRIMESTER** and notify the parent or legal guardian of each
2 nonresident applicant residing within the same intermediate
3 district of whether or not the applicant may enroll in the
4 district. The notification to parents or legal guardians of
5 nonresident applicants accepted for enrollment shall contain
6 notification of the date by which the applicant must enroll in the
7 district and procedures for enrollment. **THE DATE FOR ENROLLMENT**
8 **SHALL BE NO LATER THAN THE END OF THE FIRST WEEK OF SCHOOL.**

9 (4) If deadlines similar to those described in subsection (2)
10 or (3) have been established in an intermediate district, and if
11 those deadlines are not later than the deadlines under subsection
12 (2) or (3), the districts within the intermediate district may use
13 those deadlines.

14 (5) A district offering to enroll nonresident applicants
15 residing within the same intermediate district may limit the number
16 of nonresident pupils it accepts in a grade, school, or program, at
17 its discretion, and may use that limit as the reason for refusal to
18 enroll an applicant.

19 (6) A nonresident applicant residing within the same
20 intermediate district shall not be granted or refused enrollment
21 based on intellectual, academic, artistic, or other ability,
22 talent, or accomplishment, or lack thereof, or based on a mental or
23 physical disability, except that a district may refuse to admit a
24 nonresident applicant if the applicant does not meet the same
25 criteria, other than residence, that an applicant who is a resident
26 of the district must meet to be accepted for enrollment in a grade
27 or a specialized, magnet, or intra-district choice school or

1 program to which the applicant applies.

2 (7) A nonresident applicant residing within the same
3 intermediate district shall not be granted or refused enrollment
4 based on age, except that a district may refuse to admit a
5 nonresident applicant applying for a program that is not
6 appropriate for the age of the applicant.

7 (8) A nonresident applicant residing within the same
8 intermediate district shall not be granted or refused enrollment
9 based upon religion, race, color, national origin, sex, height,
10 weight, marital status, or athletic ability, or, generally, in
11 violation of any state or federal law prohibiting discrimination.

12 (9) Subject to subsection (10), a district may refuse to
13 enroll a nonresident applicant if any of the following are met:

14 (a) The applicant is, or has been within the preceding 2
15 years, suspended from another school.

16 (b) The applicant, at any time before enrolling under this
17 section, has been expelled from another school.

18 (c) The applicant, at any time before enrolling under this
19 section, has been convicted of a felony.

20 (10) If a district has counted a pupil in membership on either
21 the pupil membership count day or the supplemental count day, the
22 district shall not refuse to enroll or refuse to continue to enroll
23 that pupil for a reason specified in subsection (9). This
24 subsection does not prohibit a district from expelling a pupil
25 described in this subsection for disciplinary reasons.

26 (11) A district shall continue to allow a pupil who was
27 enrolled in and attended the district under this section in the

1 school year or semester **OR TRIMESTER** immediately preceding the
2 school year or semester **OR TRIMESTER** in question to enroll in the
3 district until the pupil graduates from high school. This
4 subsection does not prohibit a district from expelling a pupil
5 described in this subsection for disciplinary reasons.

6 (12) A district shall give preference for enrollment under
7 this section over all other nonresident applicants residing within
8 the same intermediate district to other school-age children who
9 reside in the same household as a pupil described in subsection
10 (11).

11 (13) If a nonresident pupil was enrolled in and attending
12 school in a district as a nonresident pupil in the 1995-96 school
13 year and continues to be enrolled continuously each school year in
14 that district, the district shall allow that nonresident pupil to
15 continue to enroll in and attend school in the district until high
16 school graduation, without requiring the nonresident pupil to apply
17 for enrollment under this section. This subsection does not
18 prohibit a district from expelling a pupil described in this
19 subsection for disciplinary reasons.

20 (14) If the number of qualified nonresident applicants
21 eligible for acceptance in a school, grade, or program does not
22 exceed the positions available for nonresident pupils in the
23 school, grade, or program, the school district shall accept for
24 enrollment all of the qualified nonresident applicants eligible for
25 acceptance. If the number of qualified nonresident applicants
26 residing within the same intermediate district eligible for
27 acceptance exceeds the positions available in a grade, school, or



1 program in a district for nonresident pupils, the district shall
2 use a random draw system, subject to the need to abide by state and
3 federal antidiscrimination laws and court orders and subject to
4 preferences allowed by this section. The district shall develop and
5 maintain a waiting list based on the order in which nonresident
6 applicants were drawn under this random draw system.

7 (15) If a district, or the nonresident applicant, requests the
8 district in which a nonresident applicant resides to supply
9 information needed by the district for evaluating the applicant's
10 application for enrollment or for enrolling the applicant, the
11 district of residence shall provide that information on a timely
12 basis.

13 (16) If a district is subject to a court-ordered desegregation
14 plan, and if the court issues an order prohibiting pupils residing
15 in that district from enrolling in another district or prohibiting
16 pupils residing in another district from enrolling in that
17 district, this section is subject to the court order.

18 (17) This section does not require a district to provide
19 transportation for a nonresident pupil enrolled in the district
20 under this section or for a resident pupil enrolled in another
21 district under this section. However, at the time a nonresident
22 pupil enrolls in the district, a district shall provide to the
23 pupil's parent or legal guardian information on available
24 transportation to and from the school in which the pupil enrolls.

25 (18) A district may participate in a cooperative education
26 program with 1 or more other districts or intermediate districts
27 whether or not the district enrolls any nonresidents pursuant to

1 this section.

2 (19) A district that, pursuant to this section, enrolls a
3 nonresident pupil who is eligible for special education programs
4 and services according to statute or rule, or who is a child with
5 disabilities, as defined under the individuals with disabilities
6 education act, Public Law 108-446, shall be considered to be the
7 resident district of the pupil for the purpose of providing the
8 pupil with a free appropriate public education. Consistent with
9 state and federal law, that district is responsible for developing
10 and implementing an individualized education plan annually for a
11 nonresident pupil described in this subsection.

12 (20) If a district does not comply with this section, the
13 district forfeits 5% of the total state school aid allocation to
14 the district under this act.

15 (21) Upon application by a district, the superintendent may
16 grant a waiver for the district from a specific requirement under
17 this section for not more than 1 year.

18 Sec. 105c. (1) In order to avoid a penalty under this section,
19 and in order to count a nonresident pupil residing in a district
20 located in a contiguous intermediate district in membership without
21 the approval of the pupil's district of residence, a district shall
22 comply with this section.

23 (2) Except as otherwise provided in this section, a district
24 shall determine whether or not it will accept applications for
25 enrollment by nonresident applicants residing in a district located
26 in a contiguous intermediate district for the next school year. If
27 the district determines to accept applications for enrollment of a

1 number of nonresidents under this section, beyond those entitled to
2 preference under this section, the district shall use the following
3 procedures for accepting applications from and enrolling
4 nonresidents under this section:

5 (a) The district shall publish the grades, schools, and
6 special programs, if any, for which enrollment may be available to,
7 and for which applications will be accepted from, nonresident
8 applicants residing in a district located in a contiguous
9 intermediate district.

10 (b) If the district has a limited number of positions
11 available for nonresidents residing in a district located in a
12 contiguous intermediate district in a grade, school, or program,
13 all of the following apply to accepting applications for and
14 enrollment of nonresidents under this section in that grade,
15 school, or program:

16 (i) The district shall do all of the following not later than
17 the second Friday in August:

18 (A) Provide notice to the general public that applications
19 will be taken for a ~~15-day~~ period **OF AT LEAST 15 CALENDAR DAYS BUT**
20 **NOT MORE THAN 30 CALENDAR DAYS** from nonresidents residing in a
21 district located in a contiguous intermediate district for
22 enrollment in that grade, school, or program. The notice shall
23 identify the ~~15-day~~ **DATES OF THE APPLICATION** period and the place
24 and manner for submitting applications.

25 (B) During the application period under sub-subparagraph (A),
26 accept applications from nonresidents residing in a district
27 located in a contiguous intermediate district for enrollment in

1 that grade, school, or program.

2 (C) Within 15 **CALENDAR** days after the end of the application
3 period under sub-subparagraph (A), using the procedures and
4 preferences required under this section, determine which
5 nonresident applicants will be allowed to enroll under this section
6 in that grade, school, or program, using the random draw system
7 required under subsection (14) as necessary, and notify the parent
8 or legal guardian of each nonresident applicant of whether or not
9 the applicant may enroll in the district. The notification to
10 parents or legal guardians of nonresident applicants accepted for
11 enrollment under this section shall contain notification of the
12 date by which the applicant must enroll in the district and
13 procedures for enrollment. **THE DATE FOR ENROLLMENT SHALL BE NO**
14 **LATER THAN THE END OF THE FIRST WEEK OF SCHOOL.**

15 (ii) Beginning on the third Monday in August and not later than
16 the end of the first week of school, if any positions become
17 available in a grade, school, or program due to accepted applicants
18 failing to enroll or to more positions being added, the district
19 may enroll nonresident applicants from the waiting list maintained
20 under subsection (14), offering enrollment in the order that
21 applicants appear on the waiting list. If there are still positions
22 available after enrolling all applicants from the waiting list who
23 desire to enroll, the district may not fill those positions until
24 the second semester **OR TRIMESTER** enrollment under subsection (3),
25 as provided under that subsection, or until the next school year.

26 (c) For a grade, school, or program that has an unlimited
27 number of positions available for nonresidents residing in a

1 district located in a contiguous intermediate district, all of the
2 following apply to enrollment of nonresidents in that grade,
3 school, or program under this section:

4 (i) The district may accept applications for enrollment in that
5 grade, school, or program, and may enroll nonresidents residing in
6 a district located in a contiguous intermediate district in that
7 grade, school, or program, until the end of the first week of
8 school. The district shall provide notice to the general public of
9 the place and manner for submitting applications and, if the
10 district has a limited application period, the notice shall include
11 the dates of the application period. The application period shall
12 be at least a ~~15-day~~ **15-CALENDAR-DAY** period.

13 (ii) Not later than the end of the first week of school, the
14 district shall notify the parent or legal guardian of each
15 nonresident applicant who is accepted for enrollment under this
16 section that the applicant has been accepted for enrollment in the
17 grade, school, or program and of the date by which the applicant
18 must enroll in the district and the procedures for enrollment. **THE**
19 **DATE FOR ENROLLMENT SHALL BE NO LATER THAN THE END OF THE FIRST**
20 **WEEK OF SCHOOL.**

21 (3) If a district determines during the first semester **OR**
22 **TRIMESTER** of a school year that it has positions available for
23 enrollment of a number of nonresidents residing in a district
24 located in a contiguous intermediate district, beyond those
25 entitled to preference under this section, for the second semester
26 **OR TRIMESTER** of the school year, the district may accept
27 applications from and enroll nonresidents residing in a district

1 located in a contiguous intermediate district for the second
2 semester **OR TRIMESTER** using the following procedures:

3 (a) Not later than 2 weeks before the end of the first
4 semester **OR TRIMESTER**, the district shall publish the grades,
5 schools, and special programs, if any, for which enrollment for the
6 second semester **OR TRIMESTER** may be available to, and for which
7 applications will be accepted from, nonresident applicants residing
8 in a district located in a contiguous intermediate district.

9 (b) During the last 2 weeks of the first semester **OR**
10 **TRIMESTER**, the district shall accept applications from nonresidents
11 residing in a district located in a contiguous intermediate
12 district for enrollment for the second semester **OR TRIMESTER** in the
13 available grades, schools, and programs.

14 (c) By the beginning of the second semester **OR TRIMESTER**,
15 using the procedures and preferences required under this section,
16 the district shall determine which nonresident applicants will be
17 allowed to enroll under this section in the district for the second
18 semester **OR TRIMESTER** and notify the parent or legal guardian of
19 each nonresident applicant residing in a district located in a
20 contiguous intermediate district of whether or not the applicant
21 may enroll in the district. The notification to parents or legal
22 guardians of nonresident applicants accepted for enrollment shall
23 contain notification of the date by which the applicant must enroll
24 in the district and procedures for enrollment. **THE DATE FOR**
25 **ENROLLMENT SHALL BE NO LATER THAN THE END OF THE FIRST WEEK OF**
26 **SCHOOL.**

27 (4) If deadlines similar to those described in subsection (2)



1 or (3) have been established in an intermediate district, and if
2 those deadlines are not later than the deadlines under subsection
3 (2) or (3), the districts within the intermediate district may use
4 those deadlines.

5 (5) A district offering to enroll nonresident applicants
6 residing in a district located in a contiguous intermediate
7 district may limit the number of those nonresident pupils it
8 accepts in a grade, school, or program, at its discretion, and may
9 use that limit as the reason for refusal to enroll an applicant
10 under this section.

11 (6) A nonresident applicant residing in a district located in
12 a contiguous intermediate district shall not be granted or refused
13 enrollment based on intellectual, academic, artistic, or other
14 ability, talent, or accomplishment, or lack thereof, or based on a
15 mental or physical disability, except that a district may refuse to
16 admit a nonresident applicant under this section if the applicant
17 does not meet the same criteria, other than residence, that an
18 applicant who is a resident of the district must meet to be
19 accepted for enrollment in a grade or a specialized, magnet, or
20 intra-district choice school or program to which the applicant
21 applies.

22 (7) A nonresident applicant residing in a district located in
23 a contiguous intermediate district shall not be granted or refused
24 enrollment under this section based on age, except that a district
25 may refuse to admit a nonresident applicant applying for a program
26 that is not appropriate for the age of the applicant.

27 (8) A nonresident applicant residing in a district located in

1 a contiguous intermediate district shall not be granted or refused
2 enrollment under this section based upon religion, race, color,
3 national origin, sex, height, weight, marital status, or athletic
4 ability, or, generally, in violation of any state or federal law
5 prohibiting discrimination.

6 (9) Subject to subsection (10), a district may refuse to
7 enroll a nonresident applicant under this section if any of the
8 following are met:

9 (a) The applicant is, or has been within the preceding 2
10 years, suspended from another school.

11 (b) The applicant, at any time before enrolling under this
12 section, has been expelled from another school.

13 (c) The applicant, at any time before enrolling under this
14 section, has been convicted of a felony.

15 (10) If a district has counted a pupil in membership on either
16 the pupil membership count day or the supplemental count day, the
17 district shall not refuse to enroll or refuse to continue to enroll
18 that pupil for a reason specified in subsection (9). This
19 subsection does not prohibit a district from expelling a pupil
20 described in this subsection for disciplinary reasons.

21 (11) A district shall continue to allow a pupil who was
22 enrolled in and attended the district under this section in the
23 school year or semester **OR TRIMESTER** immediately preceding the
24 school year or semester **OR TRIMESTER** in question to enroll in the
25 district until the pupil graduates from high school. This
26 subsection does not prohibit a district from expelling a pupil
27 described in this subsection for disciplinary reasons.

1 (12) A district shall give preference for enrollment under
2 this section over all other nonresident applicants residing in a
3 district located in a contiguous intermediate district to other
4 school-age children who reside in the same household as a pupil
5 described in subsection (11).

6 (13) If a nonresident pupil was enrolled in and attending
7 school in a district as a nonresident pupil in the 1995-96 school
8 year and continues to be enrolled continuously each school year in
9 that district, the district shall allow that nonresident pupil to
10 continue to enroll in and attend school in the district until high
11 school graduation, without requiring the nonresident pupil to apply
12 for enrollment under this section. This subsection does not
13 prohibit a district from expelling a pupil described in this
14 subsection for disciplinary reasons.

15 (14) If the number of qualified nonresident applicants
16 eligible for acceptance under this section in a school, grade, or
17 program does not exceed the positions available for nonresident
18 pupils under this section in the school, grade, or program, the
19 school district shall accept for enrollment all of the qualified
20 nonresident applicants eligible for acceptance. If the number of
21 qualified nonresident applicants residing in a district located in
22 a contiguous intermediate district eligible for acceptance under
23 this section exceeds the positions available in a grade, school, or
24 program in a district for nonresident pupils, the district shall
25 use a random draw system, subject to the need to abide by state and
26 federal antidiscrimination laws and court orders and subject to
27 preferences allowed by this section. The district shall develop and

1 maintain a waiting list based on the order in which nonresident
2 applicants were drawn under this random draw system.

3 (15) If a district, or the nonresident applicant, requests the
4 district in which a nonresident applicant resides to supply
5 information needed by the district for evaluating the applicant's
6 application for enrollment or for enrolling the applicant under
7 this section, the district of residence shall provide that
8 information on a timely basis.

9 (16) If a district is subject to a court-ordered desegregation
10 plan, and if the court issues an order prohibiting pupils residing
11 in that district from enrolling in another district or prohibiting
12 pupils residing in another district from enrolling in that
13 district, this section is subject to the court order.

14 (17) This section does not require a district to provide
15 transportation for a nonresident pupil enrolled in the district
16 under this section or for a resident pupil enrolled in another
17 district under this section. However, at the time a nonresident
18 pupil enrolls in the district, a district shall provide to the
19 pupil's parent or legal guardian information on available
20 transportation to and from the school in which the pupil enrolls.

21 (18) A district may participate in a cooperative education
22 program with 1 or more other districts or intermediate districts
23 whether or not the district enrolls any nonresidents pursuant to
24 this section.

25 (19) In order for a district or intermediate district to
26 enroll pursuant to this section a nonresident pupil who resides in
27 a district located in a contiguous intermediate district and who is

1 eligible for special education programs and services according to
2 statute or rule, or who is a child with disabilities, as defined
3 under the individuals with disabilities education act, Public Law
4 108-446, the enrolling district shall have a written agreement with
5 the resident district of the pupil for the purpose of providing the
6 pupil with a free appropriate public education. The written
7 agreement shall include, but is not limited to, an agreement on the
8 responsibility for the payment of the added costs of special
9 education programs and services for the pupil. **THE WRITTEN**
10 **AGREEMENT SHALL ADDRESS HOW THE AGREEMENT SHALL BE AMENDED IN THE**
11 **EVENT OF SIGNIFICANT CHANGES IN THE COSTS OR LEVEL OF SPECIAL**
12 **EDUCATION PROGRAMS OR SERVICES REQUIRED BY THE PUPIL.**

13 (20) If a district does not comply with this section, the
14 district forfeits 5% of the total state school aid allocation to
15 the district under this act.

16 (21) Upon application by a district, the superintendent may
17 grant a waiver for the district from a specific requirement under
18 this section for not more than 1 year.

19 (22) This section is repealed if the final decision of a court
20 of competent jurisdiction holds that any portion of this section is
21 unconstitutional, ineffective, invalid, or in violation of federal
22 law.

23 (23) As used in this section, "district located in a
24 contiguous intermediate district" means a district located in an
25 intermediate district that is contiguous to the intermediate
26 district in which a pupil's district of residence is located.

27 Sec. 107. (1) From the appropriation in section 11, there is



1 allocated an amount not to exceed \$24,000,000.00 for ~~2007-2008~~
2 **2008-2009** for adult education programs authorized under this
3 section.

4 (2) To be eligible to be a participant funded under this
5 section, a person shall be enrolled in an adult basic education
6 program, an adult English as a second language program, a general
7 educational development (G.E.D.) test preparation program, a job or
8 employment related program, or a high school completion program,
9 that meets the requirements of this section, and shall meet either
10 of the following, as applicable:

11 (a) If the individual has obtained a high school diploma or a
12 general educational development (G.E.D.) certificate, the
13 individual meets 1 of the following:

14 (i) Is less than 20 years of age on September 1 of the school
15 year and is enrolled in the Michigan career and technical
16 institute.

17 (ii) Is less than 20 years of age on September 1 of the school
18 year, is not attending an institution of higher education, and is
19 enrolled in a job or employment-related program through a referral
20 by an employer.

21 (iii) Is enrolled in an English as a second language program.

22 (iv) Is enrolled in a high school completion program.

23 (b) If the individual has not obtained a high school diploma
24 or G.E.D. certificate, the individual meets 1 of the following:

25 (i) Is at least 20 years of age on September 1 of the school
26 year.

27 (ii) Is at least 16 years of age on September 1 of the school



1 year, has been permanently expelled from school under section
 2 1311(2) or 1311a of the revised school code, MCL 380.1311 and
 3 380.1311a, and has no appropriate alternative education program
 4 available through his or her district of residence.

5 (3) Except as otherwise provided in subsection (4), from the
 6 amount allocated under subsection (1), ~~\$23,800,000.00~~ **AT LEAST**
 7 **\$23,300,000.00** shall be distributed as follows:

8 (a) For districts and consortia that received payments for
 9 ~~2006-2007-2007-2008~~ under this section, the amount allocated to
 10 each for ~~2007-2008-2008-2009~~ shall be based on the number of
 11 participants served by the district or consortium for ~~2007-2008~~
 12 **2008-2009**, using the amount allocated per full-time equated
 13 participant under subsection (6), up to a maximum total allocation
 14 under this subsection in an amount equal to ~~104.3% of the amount~~
 15 the district or consortium received for ~~2006-2007-2007-2008~~ under
 16 this section before any reallocations made for ~~2006-2007-2007-2008~~
 17 under subsection (4).

18 (b) A district or consortium that received funding in ~~2003-~~
 19 ~~2004-2007-2008~~ under this section may operate independently of a
 20 consortium or join or form a consortium for ~~2007-2008-2008-2009~~.
 21 The allocation for ~~2007-2008-2008-2009~~ to the district or the newly
 22 formed consortium under this subsection shall be determined by the
 23 department ~~of labor and economic growth~~ and shall be based on the
 24 proportion of the amounts that are attributable to the district or
 25 consortium that received funding in ~~2006-2007-2007-2008~~. A district
 26 or consortium described in this subdivision shall notify the
 27 department ~~of labor and economic growth~~ of its intention with



1 regard to ~~2007-2008-2008-2009~~ by October 1, ~~2007-2008~~.

2 (C) IF A DISTRICT HAD A DECLARATION OF FINANCIAL EMERGENCY IN
3 PLACE UNDER THE LOCAL GOVERNMENT FISCAL RESPONSIBILITY ACT, 1990 PA
4 72, MCL 141.1201 TO 141.1291, AND THAT DECLARATION WAS REVOKED
5 DURING 2005, THE DISTRICT MAY OPERATE A PROGRAM UNDER THIS SECTION
6 INDEPENDENTLY OF A CONSORTIUM OR MAY JOIN OR FORM A CONSORTIUM TO
7 OPERATE A PROGRAM UNDER THIS SECTION. THE ALLOCATION FOR 2008-2009
8 TO THE DISTRICT OR THE NEWLY FORMED CONSORTIUM UNDER THIS
9 SUBSECTION SHALL BE DETERMINED BY THE DEPARTMENT AND SHALL BE BASED
10 ON THE PROPORTION OF THE AMOUNTS THAT ARE ATTRIBUTABLE TO THE
11 DISTRICT OR CONSORTIUM THAT RECEIVED FUNDING IN 2007-2008 OR, FOR A
12 DISTRICT FOR WHICH A DECLARATION OF FINANCIAL EMERGENCY WAS REVOKED
13 DURING 2005, BASED ON THE AMOUNT THE DISTRICT RECEIVED UNDER THIS
14 SECTION USING A 3-YEAR AVERAGE OF THE 3 MOST RECENT FISCAL YEARS
15 THE DISTRICT RECEIVED FUNDING UNDER THIS SECTION. A DISTRICT OR
16 CONSORTIUM DESCRIBED IN THIS SUBDIVISION SHALL NOTIFY THE
17 DEPARTMENT OF ITS INTENTION WITH REGARD TO 2008-2009 BY OCTOBER 1,
18 2008.

19 (4) A district that operated an adult education program in
20 ~~2006-2007-2007-2008~~ and does not intend to operate a program in
21 ~~2007-2008-2008-2009~~ shall notify the department ~~of labor and~~
22 ~~economic growth~~ by October 1, ~~2007-2008~~ of its intention. The funds
23 intended to be allocated under this section to a district that does
24 not operate a program in ~~2007-2008-2008-2009~~ and the unspent funds
25 originally allocated under this section to a district or consortium
26 that subsequently operates a program at less than the level of
27 funding allocated under subsection (3) shall instead be



1 proportionately reallocated to the other districts described in
2 subsection (3)(a) that are operating an adult education program in
3 ~~2007-2008-2008-2009~~ under this section.

4 (5) From the amount allocated under subsection (1), up to a
5 maximum of \$200,000.00 shall be allocated for not more than 1 grant
6 not to exceed \$200,000.00 for expansion of an existing innovative
7 community college program that focuses on educating adults. Grants
8 may be used for program operating expenses such as staffing, rent,
9 equipment, and other expenses. To be eligible for this grant
10 funding, a program must meet the following criteria:

11 (a) Collaborates with local districts and businesses to
12 determine area academic needs and to promote the learning
13 opportunities.

14 (b) Is located off-campus in an urban residential setting with
15 documented high poverty and low high school graduation rates.

16 (c) Provides general educational development (G.E.D.) test
17 preparation courses and workshops.

18 (d) Provides developmental courses taught by college faculty
19 that prepare students to be successful in college-level courses.

20 (e) Uses learning communities to allow for shared, rather than
21 isolated, learning experiences.

22 (f) Provides on-site tutoring.

23 (g) Provides access to up-to-date technology, including
24 personal computers.

25 (h) Partners with a financial institution to provide financial
26 literacy education.

27 (i) Assists students in gaining access to financial aid.



1 (j) Provides on-site academic advising to students.

2 (k) Provides vouchers for reduced G.E.D. testing costs.

3 (l) Partners with local agencies to provide referrals for
4 social services as needed.

5 (m) Enrolls participants as students of the community college.

6 (n) Partners with philanthropic and business entities to
7 provide capital funding.

8 (6) The amount allocated under this section per full-time
9 equated participant is \$2,850.00 for a 450-hour program. The amount
10 shall be proportionately reduced for a program offering less than
11 450 hours of instruction.

12 (7) An adult basic education program or an adult English as a
13 second language program operated on a year-round or school year
14 basis may be funded under this section, subject to all of the
15 following:

16 (a) The program enrolls adults who are determined by an
17 appropriate assessment, in a form and manner prescribed by the
18 department, to be below ninth grade level in reading or
19 mathematics, or both, or to lack basic English proficiency.

20 (b) The program tests individuals for eligibility under
21 subdivision (a) before enrollment and tests participants to
22 determine progress after every 90 hours of attendance, using
23 assessment instruments approved by the department of labor and
24 economic growth.

25 (c) A participant in an adult basic education program is
26 eligible for reimbursement until 1 of the following occurs:

27 (i) The participant's reading and mathematics proficiency are

1 assessed at or above the ninth grade level.

2 (ii) The participant fails to show progress on 2 successive
3 assessments after having completed at least 450 hours of
4 instruction.

5 (d) A funding recipient enrolling a participant in an English
6 as a second language program is eligible for funding according to
7 subsection (11) until the participant meets 1 of the following:

8 (i) The participant is assessed as having attained basic
9 English proficiency **AS DEFINED BY THE DEPARTMENT.**

10 (ii) The participant fails to show progress on 2 successive
11 assessments after having completed at least 450 hours of
12 instruction. ~~The department of labor and economic growth shall~~
13 provide information to a funding recipient regarding appropriate
14 assessment instruments for this program.

15 (8) A general educational development (G.E.D.) test
16 preparation program operated on a year-round or school year basis
17 may be funded under this section, subject to all of the following:

18 (a) The program enrolls adults who do not have a high school
19 diploma.

20 (b) The program shall administer a G.E.D. pre-test approved by
21 the department ~~of labor and economic growth~~ before enrolling an
22 individual to determine the individual's potential for success on
23 the G.E.D. test, and shall administer other tests after every 90
24 hours of attendance to determine a participant's readiness to take
25 the G.E.D. test.

26 (c) A funding recipient shall receive funding according to
27 subsection (11) for a participant, and a participant may be

1 enrolled in the program until 1 of the following occurs:

2 (i) The participant passes the G.E.D. test.

3 (ii) The participant fails to show progress on 2 successive
4 tests used to determine readiness to take the G.E.D. test after
5 having completed at least 450 hours of instruction.

6 (9) A high school completion program operated on a year-round
7 or school year basis may be funded under this section, subject to
8 all of the following:

9 (a) The program enrolls adults who do not have a high school
10 diploma.

11 (b) A funding recipient shall receive funding according to
12 subsection (11) for a participant in a course offered under this
13 subsection until 1 of the following occurs:

14 (i) The participant passes the course and earns a high school
15 diploma.

16 (ii) The participant fails to earn credit in 2 successive
17 semesters or terms in which the participant is enrolled after
18 having completed at least 900 hours of instruction.

19 (10) A job or employment-related adult education program
20 operated on a year-round or school year basis may be funded under
21 this section, subject to all of the following:

22 (a) The program enrolls adults referred by their employer who
23 are less than 20 years of age, have a high school diploma, are
24 determined to be in need of remedial mathematics or communication
25 arts skills and are not attending an institution of higher
26 education.

27 (b) An individual may be enrolled in this program and the

1 grant recipient shall receive funding according to subsection (11)
2 until 1 of the following occurs:

3 (i) The individual achieves the requisite skills as determined
4 by appropriate assessment instruments administered at least after
5 every 90 hours of attendance.

6 (ii) The individual fails to show progress on 2 successive
7 assessments after having completed at least 450 hours of
8 instruction. The department ~~of labor and economic growth~~ shall
9 provide information to a funding recipient regarding appropriate
10 assessment instruments for this program.

11 (11) A funding recipient shall receive payments under this
12 section in accordance with the following:

13 (a) Ninety percent for enrollment of eligible participants.

14 (b) Ten percent for completion of the adult basic education
15 objectives by achieving an increase of at least 1 grade level of
16 proficiency in reading or mathematics; for achieving basic English
17 proficiency, **AS DEFINED BY THE DEPARTMENT IN THE ADULT EDUCATION**
18 **GUIDEBOOK; for OBTAINING A G.E.D. OR** passage of ~~the G.E.D. test~~ 1
19 **OR MORE INDIVIDUAL G.E.D. TESTS; for ATTAINMENT OF A HIGH SCHOOL**
20 **DIPLOMA OR** passage of a course required for a participant to attain
21 a high school diploma; or for completion of the course and
22 demonstrated proficiency in the academic skills to be learned in
23 the course, as applicable.

24 (12) As used in this section, "participant" means the sum of
25 the number of full-time equated individuals enrolled in and
26 attending a department-approved adult education program under this
27 section, using quarterly participant count days on the schedule

1 described in section 6(7)(b).

2 (13) A person who is not eligible to be a participant funded
3 under this section may receive adult education services upon the
4 payment of tuition. In addition, a person who is not eligible to be
5 served in a program under this section due to the program
6 limitations specified in subsection (7), (8), (9), or (10) may
7 continue to receive adult education services in that program upon
8 the payment of tuition. The tuition level shall be determined by
9 the local or intermediate district conducting the program.

10 (14) An individual who is an inmate in a state correctional
11 facility shall not be counted as a participant under this section.
12 **HOWEVER, FROM THE AMOUNT ALLOCATED UNDER SUBSECTION (1), UP TO A**
13 **MAXIMUM OF \$500,000.00 SHALL BE MADE AVAILABLE AS COMPETITIVE**
14 **GRANTS TO DISTRICTS THAT ENROLL ADULTS WHO DO NOT HAVE A HIGH**
15 **SCHOOL DIPLOMA OR G.E.D. AND WHO ARE INCARCERATED IN A STATE**
16 **CORRECTIONAL FACILITY IN GENERAL EDUCATION DEVELOPMENT (G.E.D.)**
17 **TEST PREPARATION COURSES AND WORKSHOPS OR HIGH SCHOOL COMPLETION**
18 **PROGRAMS. DISTRICTS APPLYING FOR GRANTS UNDER THIS SUBSECTION SHALL**
19 **DO SO IN A FORM AND MANNER DETERMINED BY THE DEPARTMENT. DISTRICTS**
20 **RECEIVING FUNDING UNDER THIS SUBSECTION SHALL PROVIDE G.E.D. AND**
21 **HIGH SCHOOL DIPLOMA PROGRAMS SUBSTANTIALLY SIMILAR TO THOSE**
22 **PROGRAMS AS DESCRIBED IN THIS SECTION AND SHALL RECEIVE \$2,850.00**
23 **PER PARTICIPANT ENROLLED IN THE PROGRAMS.**

24 (15) A district shall not commingle money received under this
25 section or from another source for adult education purposes with
26 any other funds of the district. A district receiving adult
27 education funds shall establish a separate ledger account for those



1 funds. This subsection does not prohibit a district from using
2 general funds of the district to support an adult education or
3 community education program.

4 (16) A district or intermediate district receiving funds under
5 this section may establish a sliding scale of tuition rates based
6 upon a participant's family income. A district or intermediate
7 district may charge a participant tuition to receive adult
8 education services under this section from that sliding scale of
9 tuition rates on a uniform basis. The amount of tuition charged per
10 participant shall not exceed the actual operating cost per
11 participant minus any funds received under this section per
12 participant. A district or intermediate district may not charge a
13 participant tuition under this section if the participant's income
14 is at or below 200% of the federal poverty guidelines published by
15 the United States department of health and human services.

16 (17) In order to receive funds under this section, a district
17 shall furnish to the department, in a form and manner determined by
18 the department, all information needed to administer this program
19 **AND MEET FEDERAL REPORTING REQUIREMENTS;** shall allow the department
20 or the department's designee to review all records related to the
21 program for which it receives funds; and shall reimburse the state
22 for all disallowances found in the review, as determined by the
23 department.

24 (18) **ALL INTERMEDIATE DISTRICT PARTICIPANT AUDITS OF ADULT**
25 **EDUCATION PROGRAMS SHALL BE PERFORMED PURSUANT TO THE ADULT**
26 **EDUCATION PARTICIPANT AUDITING AND ACCOUNTING MANUALS PUBLISHED BY**
27 **THE DEPARTMENT.**



1 (19) ~~(18)~~ As used in this section, "department" means the
2 department of labor and economic growth.

3 Sec. 147. The allocation for ~~2007-2008~~ **2008-2009** for the
4 public school employees' retirement system pursuant to the public
5 school employees retirement act of 1979, 1980 PA 300, MCL 38.1301
6 to 38.1408, shall be made using the entry age normal cost actuarial
7 method and risk assumptions adopted by the public school employees
8 retirement board and the department of management and budget. The
9 annual level percentage of payroll contribution rate is estimated
10 at ~~16.72%~~ **16.54%** for the ~~2007-2008~~ **2008-2009** state fiscal year. The
11 portion of the contribution rate assigned to districts and
12 intermediate districts for each fiscal year is all of the total
13 percentage points. This contribution rate reflects an amortization
14 period of ~~30-29~~ years for ~~2007-2008~~ **2008-2009**. The public school
15 employees' retirement system board shall notify each district and
16 intermediate district by February 28 of each fiscal year of the
17 estimated contribution rate for the next fiscal year.

18 Sec. 151. (1) The treasurer of each county shall furnish to
19 the department, on or before August 1 of each year following the
20 receipt of assessment rolls, a statement of the taxable value of
21 each district and fraction of a district within the county, using
22 forms furnished by the department. On or before May 1 of each year,
23 the treasurer of each county shall submit to the department
24 revisions to the taxable value for the immediately preceding year
25 of each district and fraction of a district within the county,
26 using forms furnished by the department. On or before October 1 of
27 each year, the treasurer of each county shall submit to the



department revisions to the taxable value for the years after 1993 of each district and fraction of a district within the county, using forms furnished by the department. The reports required by this subsection shall also contain the amount of ad valorem taxable value captured for school operating taxes under ~~a tax increment financing plan under 1975 PA 197, MCL 125.1651 to 125.1681, the tax increment finance authority act, 1980 PA 450, MCL 125.1801 to 125.1830, the local development financing act, 1986 PA 281, MCL 125.2151 to 125.2174, the brownfield redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672, or the corridor improvement authority act, 2005 PA 280, MCL 125.2871 to 125.2899~~ **TAX INCREMENT FINANCING ACTS.**

(2) Not later than the tenth day of each month, the tax tribunal created by the tax tribunal act, 1973 PA 186, MCL 205.701 to 205.779, shall report to the department the changes in taxable value for tax years after 1993 that are not reported to the department under subsection (1) and that are caused by tax tribunal decisions in the immediately preceding month for property that is a principal residence or qualified agricultural property, as defined in section 1211 of the revised school code, MCL 380.1211, and for property that is not a principal residence or qualified agricultural property, in each district and intermediate district. The report shall also contain the amount of taxable value captured under a tax increment financing plan described in subsection (1) for school operating tax purposes.

(3) **AS USED IN THIS SECTION, "TAX INCREMENT FINANCING ACTS" MEANS 1975 PA 197, MCL 125.1651 TO 125.1681, THE TAX INCREMENT**



1 FINANCE AUTHORITY ACT, 1980 PA 450, MCL 125.1801 TO 125.1830, THE
2 LOCAL DEVELOPMENT FINANCING ACT, 1986 PA 281, MCL 125.2151 TO
3 125.2174, THE BROWNFIELD REDEVELOPMENT FINANCING ACT, 1996 PA 381,
4 MCL 125.2651 TO 125.2672, OR THE CORRIDOR IMPROVEMENT AUTHORITY
5 ACT, 2005 PA 280, MCL 125.2871 TO 125.2899.

6 Sec. 164c. A district or intermediate district shall not use
7 funds appropriated under this act to purchase foreign goods or
8 services, or both, if American goods or services, or both, are
9 available and are competitively priced and of comparable quality.
10 Preference should be given to goods or services, or both,
11 manufactured or provided by Michigan businesses if they are
12 competitively priced and of comparable quality. **IN ADDITION,**
13 **PREFERENCE SHALL BE GIVEN TO GOODS OR SERVICES, OR BOTH, THAT ARE**
14 **MANUFACTURED OR PROVIDED BY MICHIGAN BUSINESSES OWNED AND OPERATED**
15 **BY VETERANS, IF THEY ARE COMPETITIVELY PRICED AND OF COMPARABLE**
16 **QUALITY.**

17 Sec. 166e. Before entering into a contract in an amount in
18 excess of \$15,000.00 for any materials, supplies, or equipment or a
19 contract in an amount in excess of \$15,000.00 for construction of a
20 new building, or addition to or repair or renovation of an existing
21 building, the board of a district ~~organized as a school district of~~
22 ~~the first class, under part 6 of the revised school code, MCL~~
23 ~~380.401 to 380.485,~~ or any other purchasing authority within a
24 district ~~organized as a school district of~~ the first class, shall
25 obtain sealed competitive bids, and the district shall award such a
26 contract using this competitive bid process. This section does not
27 prohibit a district from making a public request for proposals



1 before requesting bids and does not prohibit a district from
2 awarding a contract based on a combination of price, quality, and
3 service factors. A school official or member of a school board or
4 other person who neglects or refuses to do or perform an act
5 required by this section, or who violates or knowingly permits or
6 consents to a violation of this section, is guilty of a misdemeanor
7 punishable by a fine of not more than \$500.00, or imprisonment for
8 not more than 3 months, or both.

9 Enacting section 1. In accordance with section 30 of article I
10 of the state constitution of 1963, total state spending in this
11 amendatory act from state sources for fiscal year 2008-2009 is
12 estimated at \$11,816,898,200.00 and state appropriations to be paid
13 to local units of government for fiscal year 2008-2009 are
14 estimated at \$11,602,465,900.00.

15 Enacting section 2. Sections 32, 32e, and 99c of the state
16 school aid act of 1979, 1979 PA 94, MCL 388.1632, 388.1632e, and
17 388.1699c, are repealed effective October 1, 2008.

18 Enacting section 3. (1) Except as otherwise provided in
19 subsection (2), this amendatory act takes effect October 1, 2008.

20 (2) Sections 6, 29, and 54c of the state school aid act of
21 1979, 1979 PA 94, MCL 388.1606, 388.1629, and 388.1654c, as amended
22 by this amendatory act, take effect upon enactment of this
23 amendatory act.

